



Report & Accounts

2006/2007



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Presented to Parliament

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Through the BPC, the British potato industry continues to invest in its own future

The BPC understands the business environment for potatoes and uses this understanding and insight to present information and analysis to help the industry shape a positive future.

BPC activities are clearly focused to:

- Increase usage of potatoes.
- Ensure that the GB potato industry is competitive going forward and best placed to take advantage of opportunities.

The work is funded by industry levies collected from GB potato growers and from the purchasers of their produce.

This document reports the tenth year of the Council's operations.

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Introduction



At a time of impending structural and probable organisational change for the BPC, the production of our Annual Report serves as a timely reminder of the continued excellent work the BPC delivers on behalf of our industry. The innovative approach brought to many of our on-going tasks, the total commitment to quality of those responsible for meeting targets and the passion demonstrated by our people in attaining our goals have contributed to yet another outstanding year of achievement. It is clear evidence that the organisation has not been diverted from its key tasks and responsibilities – to increase potato consumption, help improve competitiveness

and ensure the industry meets consumer needs. For that, all staff and Council Members are to be congratulated and I am personally indebted to them.

Last year, I reported that an in-depth review of our Research and Development Strategy had been completed. This year, I'm delighted to report that the initial implementation of that review is showing good progress across several fronts. Not least is the level of overseas collaboration that has taken place. As a result of two meetings of international levy boards, multilateral co-operation has been initiated in the areas of knowledge transfer, R&D and marketing projects. I expect to see increasing levels of collaboration and am confident that will result in smarter work, better decisions and cost savings.

On the home front much has been achieved, not least in mobilising the whole of the supply chain to work more closely together. When we challenged parts of the supply chain to 'unblock' the channels of communication that lead to improved knowledge transfer, the response was open-minded and positive. Agronomists' cautious attitudes and practices built around quality and assurance schemes are being broadened with an engagement in positive knowledge transfer actions and improved agronomy training.

It is impossible in such a short introduction even to touch on the plethora of examples of good progress. It would be remiss, however, not to mention our marketing effort and one example of success shines out. Our schools project – 'Grow Your Own Potatoes' – has been outstandingly successful in helping to re-connect children (and their parents, dare I suggest?) with the primary production stages of one of Britain's staple foods. Our Marketing Committee challenged the team to quadruple the number of schools participating and they have responded magnificently.

I shall conclude with reference to the BPC's Sutton Bridge Experimental Unit. The invaluable output of this unit, the expertise it co-ordinates and cross-industry co-operation it facilitates have been packaged into an investment-led business plan that will be presented to the new Potato Sector Company when it is formed. It should serve as a springboard for the continued work of promoting the potato and our industry.

I am mindful of the challenges that confront our industry but confident in the ability of all sectors of the supply chain – from growers through packers and processors – and of the BPC staff to respond positively and optimistically.

A handwritten signature in black ink that reads "David Walker". The signature is written in a cursive, flowing style.

David Walker
Chairman

Increasing usage

The BPC works to increase the consumption of potatoes, promote exports and encourage the use of quality seed.

This is achieved by activities which focus on:

- Campaigning to create awareness and action
- Improving knowledge and understanding
- Creating dialogue and putting the industry's case forward.

Detailed information on activities and results achieved is reported in the chapter 'Progress against Corporate and Business Plans' starting on page 24.

Campaigning to create awareness and action

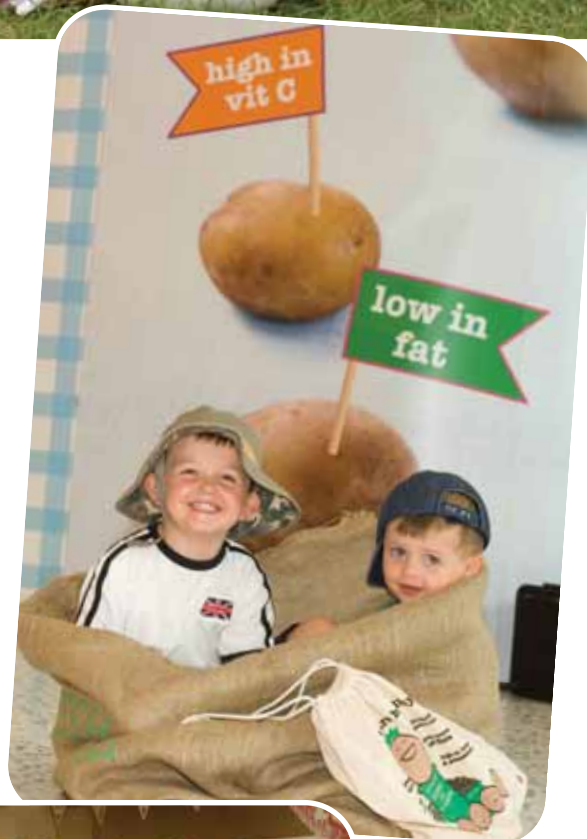
Promotional campaigns

Sharply focused, carefully targeted and highly innovative describe the approach we take to our promotional campaigns – and the reasons why they continue to produce impressive results in terms of consumer awareness and media coverage.

High profile PR-led campaigns during the summer and autumn periods communicated the potato's attributes of health, taste and convenience - highlighted in BPC research as the key drivers of consumer choice. The campaigns - which generated over 400 pieces of press coverage valued at more than £1.5 million - continued to press home the messages that potatoes are, in fact, lower in fat and calories than rival carbohydrates such as rice and pasta. A variety of methods were used to carry these key messages through to packaging and point of sale material to maximise consumer awareness.

National Chip Week continues to generate masses of media coverage - 540 separate news items valued at more than £2.8 million - and stimulates enthusiastic fish and chip shop participation. Most fish and chip shops themselves confirm an immediate sales uplift - some as much as 45% - and, importantly, almost half believe the promotion will have longer term benefits.

The impact of BPC campaigns has been strengthened by industry and third party support and involvement, a further measure of their effectiveness.



Educating children

The BPC's children's education programme focuses on two key areas:

- where and how potatoes are grown, and
- improving the understanding of balanced eating and the role of potatoes in a healthy diet.

The first area involves working with industry to extend the BPC's 'Grow Your Own Potatoes' project, now in its third year. Its continued success can be measured by another large increase in the number of schools taking part in the project - now more than 4,000 - and the fact it has now also been expanded to cover additional activity in the school meal sector.

To get the message of the potato's important role in a healthy, balanced diet across to children, the BPC continues to work with the British Nutrition Foundation and with four other levy bodies we fund and support the authoritative 'Food a Fact of Life' website and supporting promotional materials.

Food Service

BPC has extended its programme of activity in both the cost and profit sectors of the Foodservice market – an area of increasing importance and focus.

Responding to changes in school meal legislation, the BPC created a number of school meal resources to provide a positive promotion of potatoes on school menus.

For the profit sector 'The Great Potato Challenge', a competition to educate and inspire pub chefs, was extended to cover catering students. This competition added to a range of PR based activities to highlight the versatility and profit potential of potatoes as well as promoting the importance of the handling and storage of potatoes in the creation of great potato dishes.

Export promotion

The BPC organised and funded inward and outward missions to Morocco which resulted in the successful negotiation of standards more conducive to the export of British seed potatoes and the safeguarding of this important market for the foreseeable future. An inward mission from China and an outward mission to Thailand were other notable and productive achievements during the year.

An export market database has been developed and is available on the BPC website to all levy payers.

The BPC also co-ordinated the presence of 10 British exporting companies at Potato Europe 2006, an event that attracted over 5,000 visitors from 30 countries.

Promoting quality seed

Continued promotion of the Safe Haven Certification Scheme has resulted in 52% of the seed area in Scotland and 25% of the seed area in England now being accredited.

We continue to develop new opportunities for grower groups to share data and best practice within the new BPC benchmark model. The achievement of an ADS grant to fund training sessions within these groups has provided further impetus to the programme.



Increasing usage

Improving knowledge and understanding

Understanding consumers

BPC continues to manage and undertake a programme of research to build upon the bank of knowledge created for the industry's benefit. This valuable resource offers the industry valuable data and tracking information to monitor and adapt to changing consumer trends. In addition, specific research projects are undertaken to identify areas of advantage or opportunity to be pursued.

An active communication programme ensures that key findings are shared with the industry through face to face meetings, seminars, conferences and publications. A major outcome this year has been examples of significant changes to in-store packaging and consumer promotions that happened as a result of the industry responding to the findings of BPC's consumer research.

Market information

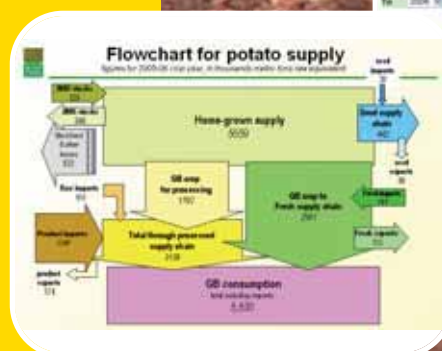
The BPC is the primary source of GB statistical information on the potato industry, which it captures primarily through the following resources:

- its grower panel
- crop and price reporting system
- an industry weekly average price survey.

Reports cover pricing, cost of production, areas, yields, production and human consumption and these are updated frequently in season.

The European context is presented through key statistics and reports. Long-term annual trend data, crucial for investment and planning decisions, are maintained as website publications.

These activities continued in this year, and were recognised in stakeholder reviews as one of the BPC's most valued functions.



Creating dialogue and putting the industry's case

Levy body reform

The review and reform process affecting Levy Boards has occupied minds and captured time across all sectors of the potato industry and, indeed, of interested third parties. The BPC has been involved to some extent, at all stages. A key activity was setting up a cross-industry forum so that the BPC could speak as the industry's voice of authority.

We have been involved in the consultation on the Statutory Instrument (SI) required to establish 'Agriculture and Horticulture Development Board' and set up a cross-industry levy collection methodology group to prepare a report on possible levy collection options, to help instruct the SI. BPC has attended the Project Board, the Strategic Steering Group and the Pension Forum.

BPC has engaged with the project team from Accenture - the consultants appointed to advise AHDB on its 'Fresh Start' programme - specifically providing the statistical data they required to formulate the business case on which AHDB will move forward.

We have invested time and expertise in ensuring a smooth transition into AHDB and estimate this to have cost approximately £35,000 in this financial year.

Improving communication

Work in this area involves liaison with the whole of the supply chain and in facilitating better understanding and co-operation throughout it. BPC's knowledge transfer and supply chain teams have had some notable successes both in improving levels of collaboration throughout the supply chain and also in knowledge transfer. In fact, in a survey undertaken as part of levy body reform, the BPC came out better than all other levy bodies in how well it communicates to its levy payers.

Issues management

From handling routine media enquiries to coping with food scares, fad diets and the misrepresenting of the facts about potatoes, the BPC's issues management programme rarely finds a dull moment. Among the issues we confronted and upon which we gave clear and unambiguous but wholly appropriate perspectives were a number of unfounded health-related criticisms, GMO trials, residues and indeed, the very role and effectiveness of levy boards.

BPC will continue to be vigilant in defending the industry from spurious attack and be positive in co-operating with those who seek factual information.



Increasing GB competitiveness

The BPC works to increase GB competitiveness by undertaking targeted research and development and by communicating the findings alongside under-exploited knowledge.

Activities focus on:

- Improving knowledge and understanding
- Campaigning to create awareness and action
- Creating dialogue and putting the industry's case.

Detailed information on activities and results achieved is reported in the chapter 'Progress against Corporate and Business Plans' starting on page 24.

Improving knowledge and understanding

Research & development

The BPC's R&D programmes are guided by the objective to increase GB competitiveness by improving quality, increasing efficiency and reducing costs. Among the key research projects completed over the past year has been the delivery of new agronomy and disease management advice:

- from the BPC seed management project at CUF, new seed rates for Estima have been published
- crucial information from BPC projects on changing blight populations has informed national control strategies
- new advice for control of black dot in field and store has resulted from a better understanding of the problem based on the BPC supported development of new diagnostic tests and associated storage trials at Sutton Bridge Experimental Unit (SBEU)

A new Business Plan for SBEU for the period 2007-2012 was prepared following consultation with industry and submitted to Council. Proposals were approved for 2007/8 and other plans, including major proposals for capital expenditure on new facilities, endorsed for forwarding to Agriculture and Horticulture Development Board and Potato Sector Company.





Encouraging collaboration

As part of its R&D strategy development, the BPC has led an initiative to improve international levy-body collaboration on potato R&D. Such links have been established with grower organisations in New Zealand, Australia, South Africa, US and Canada. The first project collaboration is ongoing with a project on PCN being carried out jointly by CSL and Crop and Food Research NZ.

Marketing Co-operations

In Europe, the BPC has led the potato sector group within the EU funded 'Eurocrop' project to identify research priorities for future arable crop competitiveness that will help inform EU research and funding.

The BPC's research activity is further strengthened by involvement in co-funded projects. Over the past five years BPC has participated in LINK projects costing £9.74m leveraged with levy payer contributions of £684k. The BPC's R&D director, Dr Mike Storey was appointed as deputy technical director to the cross-sector Applied Research Forum and the BPC is leading levy body activities on water, soil structure and erosion, and weather data.

Tackling key issues

Research by SBEU and its industry collaborators has indicated that application of CIPC can be enhanced through the use of inverters which enable store ventilation fans to be operated at slow speed to distribute the sprout suppressant. New BPC work on CIPC is aimed at exploiting vapour to reduce pesticide residue risk, while SBEU undertook major reviews on the topics of ethylene use as a sprout suppressant and skin finish in storage.

New disease resistance information for 20 varieties has been delivered by BPC's Independent Variety Trials and complementary projects at SASA, CSL and with SAC and ADAS have started to update resistance ratings for PMTV and blight. Other new blight projects include work on population aggressiveness and exploiting variety resistance. New research also started during the year on *Dickeya*, skin spot and volunteer control, the latter a £377k LINK project being carried out in collaboration with HDC.

SBEU delivered advice to the industry through a wide range of activities, including its Storage Advice Line (over 300 calls); monthly bulletins (over 700 subscribers); a Storage Discussion Group (which has more than 30 members) and over 20 grower/levy payer meetings.

Increasing GB competitiveness

Campaigning to create awareness and action

Getting research into use

New tactics and approaches that allow levy payers rapid access to the latest research findings have been adopted following a review of the BPC's Knowledge Transfer procedures. These developments include the presentation of information at basic, intermediate and technical levels for both hard copy and electronic communications (for example, the BPC's new Grower Gateway) and more detailed consultations with industry regarding priority setting. The latter was achieved through independent surveys and spring stakeholder meetings for blight, soils, water, storage and aphid management.

Best practice campaigns

As part of BPC's Sustainable Soils for Potatoes campaign, over 40 workshops were held, attended by more than 800 levy payers. More than 80% of attendees found the workshops highly relevant and more than 40% implemented practical changes within the year. The campaign achieved financial support from DEFRA and a large majority of potato growers completed Soil Management Plans on time.

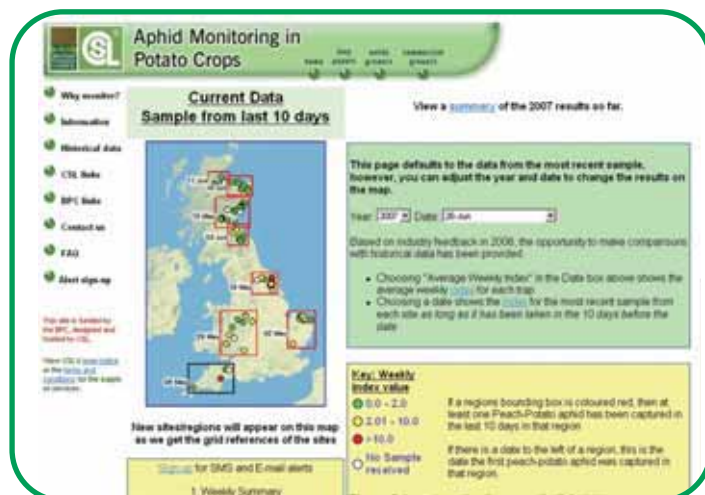
BPC's Bruising campaign concluded with production of a full training kit CD. The kit included new training modules for supply chain staff and is being used in many pack-houses.

The Knowledge Transfer campaign for Storage included the Potato Storage 2007 conference, attended by 225 delegates, who rated the event an average of 4.6 out of 5 for relevance to their business. New initiatives were undertaken raising awareness of storage costs and to improve disease risk assessment for dry rot and *Erwinia*.

Advisory services

Both BPC's blight and aphid monitoring websites have been re-launched following consultation with users. Fight against Blight is now fully integrated with Blightwatch allowing levy payers access to nationwide information on disease risk and outbreaks.

Aphmon now provides a real-time snapshot of aphid activity along with other new services. A survey of seed growers showed that 63% use the scheme for better targeting or reduction in aphicide use, 27% use the scheme for haulm destruction or seed marketing and 9% always check trap results before spraying for peace of mind.



Creating dialogue and putting the industry's case

Industry input

The BPC continues to develop new opportunities for grower groups to share data and best practice through its new benchmark model and the achievement of an ADS grant to fund training sessions within these groups has provided further impetus to the programme.

A new British Potato Variety Database has been developed providing a major marketing tool for British potato varieties and also as an agronomy aid as the principle source of independent variety trial information.

In the area of Health and Safety, the BPC has sponsored the development of a DVD training course for farm owners, managers and staff to promote safe working practices during harvesting operations. The project has been jointly sponsored with key industry partners the NFU, Grimme and the Health & Safety Executive.

Cross-industry approaches

Significant progress has been made to promote BPC sponsored events across the broader grower community. Contact has been established with each NFU region and joint meetings in each region have been agreed. The very successful West Midlands Potato Day which took place in June is being held up as a template to be replicated across regions.

The BPC's CEO continues to chair the Joint Levy Body Group on Education and Nutrition, a group established in 2003 to reduce duplication, share information and work on joint projects in this area. A key activity for this financial year has been a 'joined up' approach to the Year of Food and Farming in Schools and development of an additional module on the joint education website 'Food a Fact of Life', for this purpose.

Major events

Potatoes in Practice (PIP) was again held in August 2006 in Dundee and attracted a record 500 visitors – more than 150 of whom were growers. Planning is going well for BP2007, the BPC's bi-annual show to be held in November. We have attracted high profile industry sponsors and already one hall is fully booked for the trade show. We also have an exciting conference and seminar programme planned.



Functions

The British Potato Council (BPC) was established by the Potato Industry Development Council Order 1997 under the Industrial Organisation and Development Act 1947 and came into being on the 1st July 1997.

Its main functions as required by the Order are to fund research and development, transfer technology, collect and disseminate market information and to advertise and promote potatoes to consumers at home and in export markets.

Membership

The Council consists of 16 members appointed jointly by the Agriculture Ministers. Nine members are growers, three represent the industry beyond the farm gate, one has specialist marketing knowledge, another represents the interests of employees in the industry and two, including the Chairman, are independent. There were no changes in membership during the year.

Principal activities

The BPC is accountable for:

- Collecting the levy from all eligible producers and purchasers
- Identifying and commissioning R&D projects appropriate to the near market needs of the industry, taking into account R&D work carried out by other organisations
- Communicating R&D findings to the industry and encouraging their uptake
- Collecting market information/statistics and disseminating these in a manageable and effective way
- Undertaking targeted consumer marketing activities and joint promotional work from grower to retailer

- Encouraging cross-industry communication to improve competitiveness and supply to consumers
- Examining and promoting integrated crop management practices to ensure sustainable potato production while safeguarding the environment
- Promoting and developing export trade.

Policies

As an executive Non Departmental Public Body, the Council has adopted the principles of the Nolan Report wherever practical and appropriate. This has included a Code of Best Practice for Council Members, a Code of Conduct for Staff and a Register of Members' Interests. The Council has also adopted the Code of Practice on Access to Government Information and built on this where appropriate. The Council's own Code on Openness gives details of its activities and the information it provides, and explains how to gain access to it.

The Council is committed to the principles of Service First, the new Charter Programme. It has developed its own Citizen's Charter, which shows how those principles have been incorporated into its operations and sets out the standards of service customers can expect.

The Council is bound by the terms of the Freedom of Information Act 2000, and the Environmental Information Regulations 2004, and has produced Publication Schemes, which have been approved by the Information Commissioner, as well as an Information Asset Register. These documents can be accessed from the BPC's website (www.potato.org.uk)

The Council values diversity and equal opportunity for all staff and potential recruits and we welcome applications from all sections of the community. We do not discriminate on grounds of race, gender, ethnic origin, disability, age, sexual orientation, faith or any other factor irrelevant to a person's work. All applicants who join the Council and all Members of the Council are treated equally for employment and advancement on the basis of their ability, qualifications and fitness for the appointment.

It is the Council's policy to settle all accounts for goods and services, unless subject to dispute, in accordance with the terms agreed at the time of placing the relevant contracts or orders.

Levy collection

Under the Potato Industry Development Council (PIDC) Order 1997 (as amended) producers and purchasers of potatoes are required to register with the British Potato Council, to provide 'returns' (details of their potato plantings or purchases) and to pay a levy.

The PIDC (Amendment) Order 2002, which came into effect in 2003, introduced a two-tier system of levy rates, comprising an ordinary rate for payments received by the due date and a higher rate for payments received after the due date; this applies to both producers and purchasers.

The registration thresholds for producers and purchasers are three hectares and 1,000 tonnes per annum respectively. There is a system of voluntary registration for smaller businesses wishing to take advantage of BPC services, information and so forth. Against payment of an annual

subscription they have access to all the services on offer.

For 2006/07, the following levy rates were approved by the Ministers:

- Area levy – ordinary rate £39 per hectare; higher rate £44 per hectare
- Tonnage levy – ordinary rate 17 pence per tonne; higher rate 19 pence per tonne.

Area levies fell due on 1st December 2006 and invoices were issued before the end of October. Tonnage levies were invoiced quarterly in arrears, based on monthly returns of tonnage purchased. Purchasers who did not make monthly returns were invoiced according to estimated tonnage and adjustments were made when actual returns were received. A system for estimating plantings, where producers had failed to make area returns, was also in place.

In 2006/07 2,997 growers were registered, covering 119,729 hectares and giving rise to a total levy of £4,755,000. Additionally, 420 purchasers were registered paying £1,119,000 in levy. The BPC also receives income from the sale of statistical information and this amounted to £43,000 in 2006/07.

In the interests of fairness to all, and in line with its statutory obligations, the BPC has taken a robust stance on levy collection. As a result, 99+% of the 2006/07 producer levy and 99%* of the estimated 2006/07 purchaser levy has been collected. At the same date, 99.9% of the 2005/06 producer levy and over 99% of the 2005/06 purchaser levy had been collected.

Action is continuing to collect the outstanding balance through a combination of warning letters, contact via field staff, audit visits and court action. Over the last nine years, 3,785

debts have been passed to the BPC's legal debt collection team for action (259 in 2006/7). 2,900 (142 in 2006/7) of these (totalling £4,372,548) (£330,374 in 2006/7) related to producers and 853 (61 in 2006/7) (totalling £1,213,270) (£58,505 in 2006/7) related to purchasers. It was necessary to issue Court summonses in the case of 515 producers (47 in 2000/7) and 61 purchasers (3 in 2006/7).

Whereas debt collection is a matter of civil law, failure to register and to provide returns and other information is dealt with under criminal law, administered by the Magistrates Courts in England and Wales and by the Sheriffs Courts in Scotland. In order to save solicitors' costs, an in-house system for prosecutions is in operation and has proved very effective. Where returns are not received, despite reminders and warning letters, staff issue summonses.

Since the BPC's inception, 1,803 cases (producers and purchasers) (358 in 2006/7) have been referred to the legal team for action. 265 (23 in 2006/7) producers and 22 (3 in 2006/7) purchasers have been summonsed by Oxford Magistrates Court. The great majority provided the outstanding returns in response to this, while 36 (9 in 2006/7) were convicted, fined and ordered to pay costs to the BPC.

Committees

The Council has established a number of committees to develop strategy and to ensure that the organisation performs its duties in an open and accountable fashion. Committee Members were drawn from Council Members as listed on page 16 (the

Marketing, Market Information and R&D Committees, as well as the Seed Sector Group, include representatives of the industry who are not Council Members).

Committees exist for the following functions:

- Marketing & Communications
- Research & Development
- Market Information
- Seed Sector Group
- Audit

Performance measures

- ✓ = the activities set out for this period have been delivered
- 🕒 = the activities set out for this period are underway but have not been completed in the targeted time
- ✘ = the activities have been cancelled or deferred

Collection of at least 99% of all overdue debts within 12 months.

- ✓ Levy collection performance by year is as follows (action is continuing and collection rates will rise accordingly):

	Producers	Purchasers
1997/98 levy collection	99+%	99+%
1998/99 levy collection	99+%	99+%
1999/00 levy collection	99+%	99+%
2000/01 levy collection	99+%	99+%
2001/02 levy collection	99+%	99+%
2002/03 levy collection	99+%	99+%
2003/04 levy collection	99+%	99+%
2004/05 levy collection	99+%	99+%
2005/06 levy collection	99+%	99+%
2006/07 levy collection (at 30 June 2007)	99%	99%

- ✓ Use of GIS system to ensure levy fairness.

The GIS system is fully implemented and is administered by two dedicated field officers. Their area monitoring activities covered ca 30% of the total crop. Final figures for undeclared area are not yet available but it is expected that they will amount to approximately 1,400 ha (1,900 ha in the previous year).

- ✓ Auditing of purchaser tonnage.

118 purchasers, responsible for 3,304,000 tonnes (51% of the total tonnage), were audited; 17,000 tonnes of unrecorded crop was identified and followed-up.

Council Members (2006/07)

Council Member	Committees and working groups on which members served					
	Audit	Market Information	Marketing & Communications +	Research & Development	Sutton Bridge Experimental Unit †	Seed Sector Group
Janet Bainbridge				✓C		
Colin Bradley		✓				
Robert Doig						✓
Douglas Harley						✓C
Richard Harris		✓C	✓	✓		
James Harrison				✓		
Barry Leathwood	✓					
Kevin Littleboy	✓C		✓#			
Richard Maddocks		✓				
John Rix		✓#				
Fraser Scott			✓			
Alex Stephens				✓		
Nick Twell	✓		✓			
Nick Vermont			✓C			
David Walker	✓	✓*	✓*	✓*		✓*
Duncan Worth				✓	✓	

C = Committee Chairman.

† = The operations of Sutton Bridge Experimental Unit Ltd have been transferred to the Council and the company is dormant.

* = Council Chairman David Walker is ex officio member of Marketing, Market Information, R&D and SSG Committees.

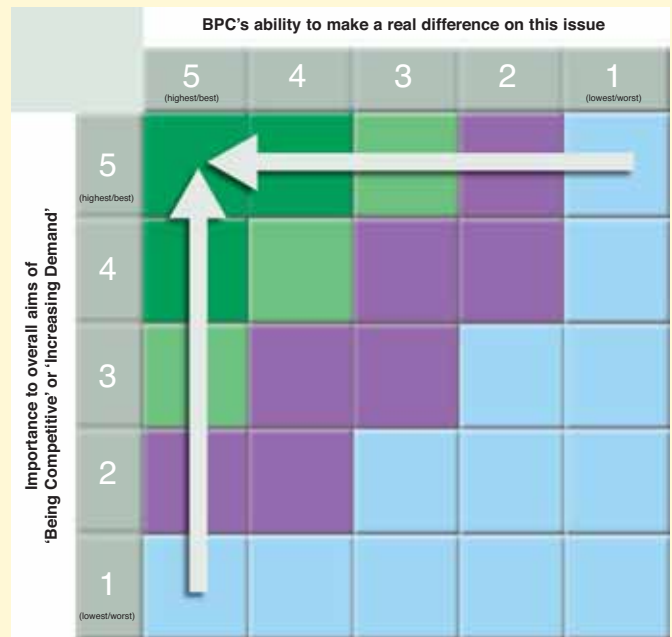
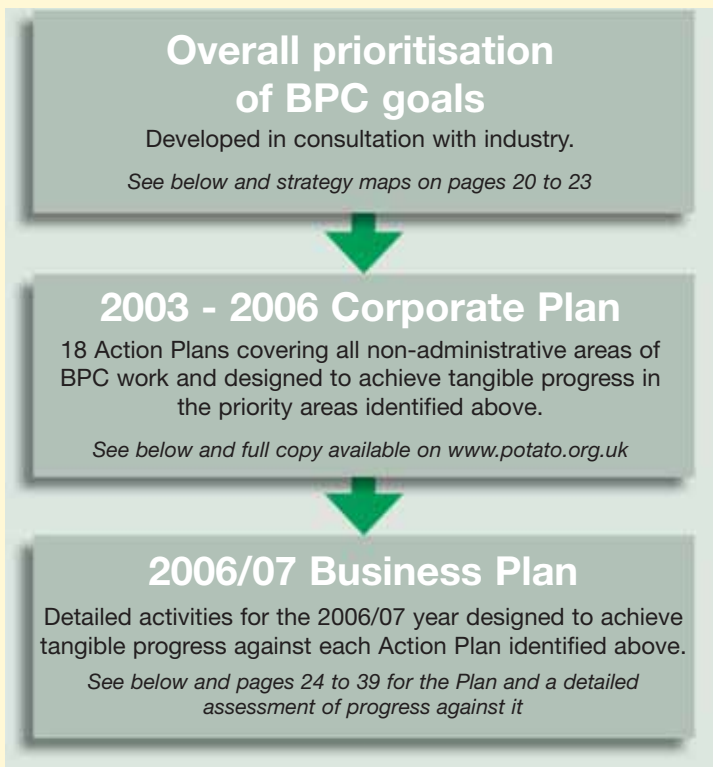
= John Rix – ceased being a member November 2006. Kevin Littleboy – ceased being a member September 2006.

+ = Now Marketing Strategy Committee. Following a review by the Council, the former Marketing & Communications Committee is now a steering committee, responsible for strategic matters. It is anticipated that this will meet twice a year. More tactical work will be done through working groups set up for specific campaigns or activities.

Members' attendance at Council meetings (2006/07)

Member	Sept 2006	Dec 2006	Mar 2007	Jun 2007
Janet Bainbridge	✓	✓	✓	✓
Colin Bradley	✓	✓	✓	✓
Robert Doig	✓	✓	○	✓
Douglas Harley	✓	✓	✓	✓
Richard Harris	✓	✓	✓	✓
James Harrison	✓	✓	✓	✓
Barry Leathwood	○	✓	✓	✓
Kevin Littleboy	✓	○	✓	✓
Richard Maddocks	✓	✓	✓	✓
John Rix	○	✓	✓	○
Fraser Scott	✓	✓	✓	✓
Alex Stephens	○	✓	○	✓
Nick Twell	✓	✓	✓	✓
Nick Vermont	✓	✓	✓	✓
David Walker	✓	✓	✓	✓
Duncan Worth	✓	✓	✓	○

Progress against Corporate and Business Plans



Green - Areas of key importance where the BPC can make a significant contribution to assisting the industry in becoming more competitive and/or increase usage of potatoes. If resources permitted, the industry would benefit from BPC activity in all green areas. Since this is not possible, the highest scoring green areas (shown in **dark green**), are those for which action plans have been developed.

Purple & blue - Areas where there are some opportunities for BPC involvement, but where this is unlikely to make a significant contribution at this time.

Red - Items coloured red on the maps were not scored using the grid because, although the BPC must be aware of them, it is unlikely to make a difference in this area or risks duplicating activities already undertaken by commercial organisations. As well as being common sense, this avoidance of duplication is controlled by the Government's 'market failure' test which stipulates that a levy body such as the BPC should only act where the market will not do so of its own accord. A typical example of this is research & development work in areas where the outcome cannot be patented and so commercial organisations will not make the necessary investment for progress to be achieved.

Prioritisation

The BPC serves an industry that is fast changing and which itself must cater for rapidly evolving consumer demands. To ensure the Council gives the highest possible return on levy investment it must therefore match its outputs to the changing needs of the industry. To ensure this remains the case, a major strategy review was undertaken during 2002/03, resulting in the BPC's 2003-2006 Corporate Plan. The 'strategy maps' on pages 20 to 23 are a skeleton summary of this process – identifying what is critical to the future of the GB potato industry.

The maps were developed with industry representatives to assist prioritisation by adding clarity to the role and functions of the BPC and reflecting the Council's 'fewer things better' approach.

Fundamentally, there are two primary factors that affect the future success of the GB potato industry and it is only by delivering against these that the BPC provides a return on levy investment. These are:

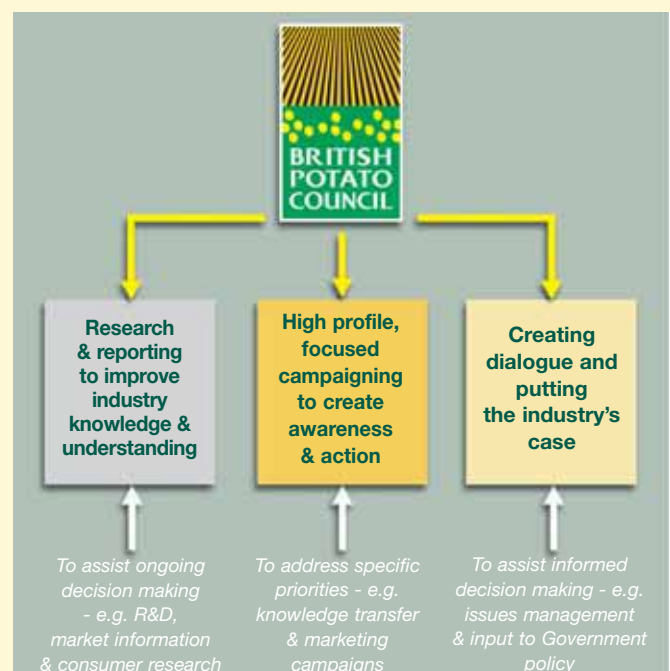
- Continued demand for potatoes and potato products
- GB potatoes (as opposed to those from global competitors) fulfilling that demand competitively.

The maps take each of these primary factors – potato usage and GB competitiveness – and draw out the challenges affecting them. After these challenges have been drawn out, those at the end of each line are then prioritised in terms of the BPC's ability to make a real difference. This prioritisation process is represented by colour coding and is based on the scoring system shown here.

Because of the Radcliffe Report, the subsequent formation of Agriculture and Horticulture Development Board and its 'Fresh Start' process, it was agreed that the BPC's 2003-2006 Corporate Plan should not formally be updated. Instead, the Corporate Plan guided a detailed Business Plan for 2006/07 and progress against that plan is detailed in this report. Currently, a 9 month Corporate/Business Plan is in place which sets priorities, objectives and targets and will guide our BPC actions through to 31st March 2008. The planned vesting day for the new Potato Sector Company is 1st April 2008.

Corporate Plan

The priorities identified through the strategy mapping process are reflected in the BPC's Corporate Plan. Under this strategy BPC activities fall into three broad categories:



Based on this, activities identified in the Corporate Plan can be summarised as:

Increasing usage of potatoes

Improving knowledge and understanding

- Supply side analysis & reporting
- Market sizing & reporting (including by meal occasion)
- Demographics & lifestyle research & reporting
- Food service sector research & reporting
- Export opportunity research & reporting
- Fish & chip supply chain dialogue
- Ongoing issues management

Campaigning to create awareness and action

- Health campaign
- Convenience campaign
- National Chip Week
- Opening up export markets
- Use of quality seed
- Schools work

Creating dialogue and putting the industry's case

- Residue & pesticide issues
- Government health policy
- Government nutritional policy
- Ongoing issues management

Increasing GB competitiveness

Improving knowledge and understanding

- Research & development
 - seed management
 - storage
 - seed health
 - damage & bruising
 - size & uniformity
 - pests & diseases
 - risk assessment (incl. diagnostics, PCN model & aphid monitoring)
 - water
 - processing quality
 - residues
- Addressing residue issues
- Cost of production benchmark
- Market information - collation & reporting
- European data (including cost of production)
- Labour, management & training
- Seed quality cost/benefit
- Seed industry dialogue (internal & external)

Campaigning to create awareness and action

- Blight (improving control)
- Seed management (chronological & physiological age)
- Seed health (specifically ring rot)
- Storage
- Damage & bruising
- Water & soils (compliance issues)

Creating dialogue and putting the industry's case

- Residue issues
- Pesticide issues
- Phytosanitary issues
- Ongoing issues management

Business Plan

BPC's work during 2006/07 to deliver progress in the above areas was guided by its annual Business Plan. Progress against this is reported on pages 24 to 39.

Increasing **usage** of GB crop

KEY FACTORS

Increasing usage of GB crop

Understanding key drivers of demand

Seed

GB market

International

Food

GB market

International

Industrial

Common challenges for usage and competitiveness

Understanding the business environment for potatoes

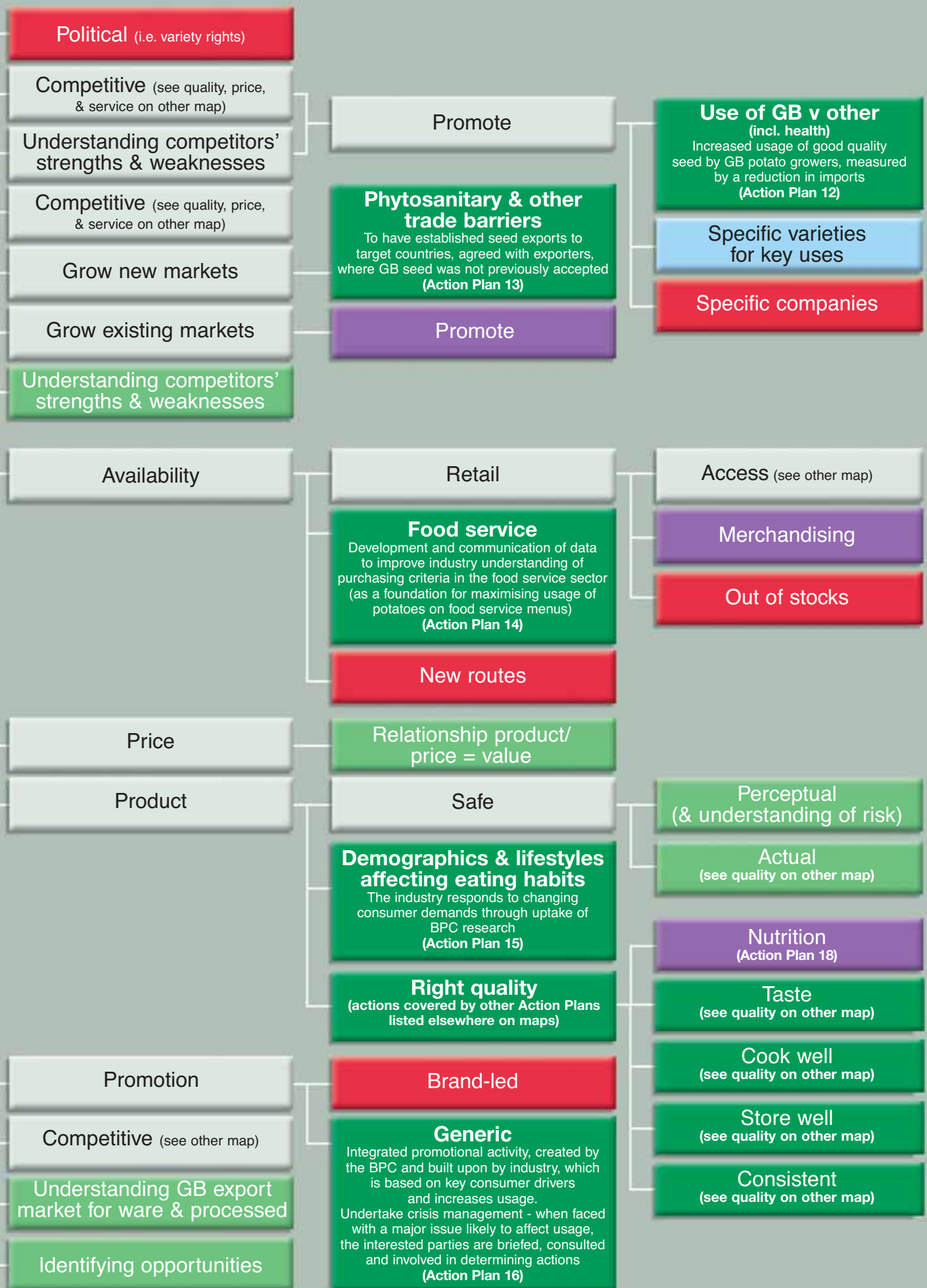
The outputs of the BPC demonstrate a full understanding of the critical issues affecting the British potato industry, including size of market, supply & demand dynamics and macro business environment and can be used by industry to shape its future
(Action Plan 1)

Knowledge and technique

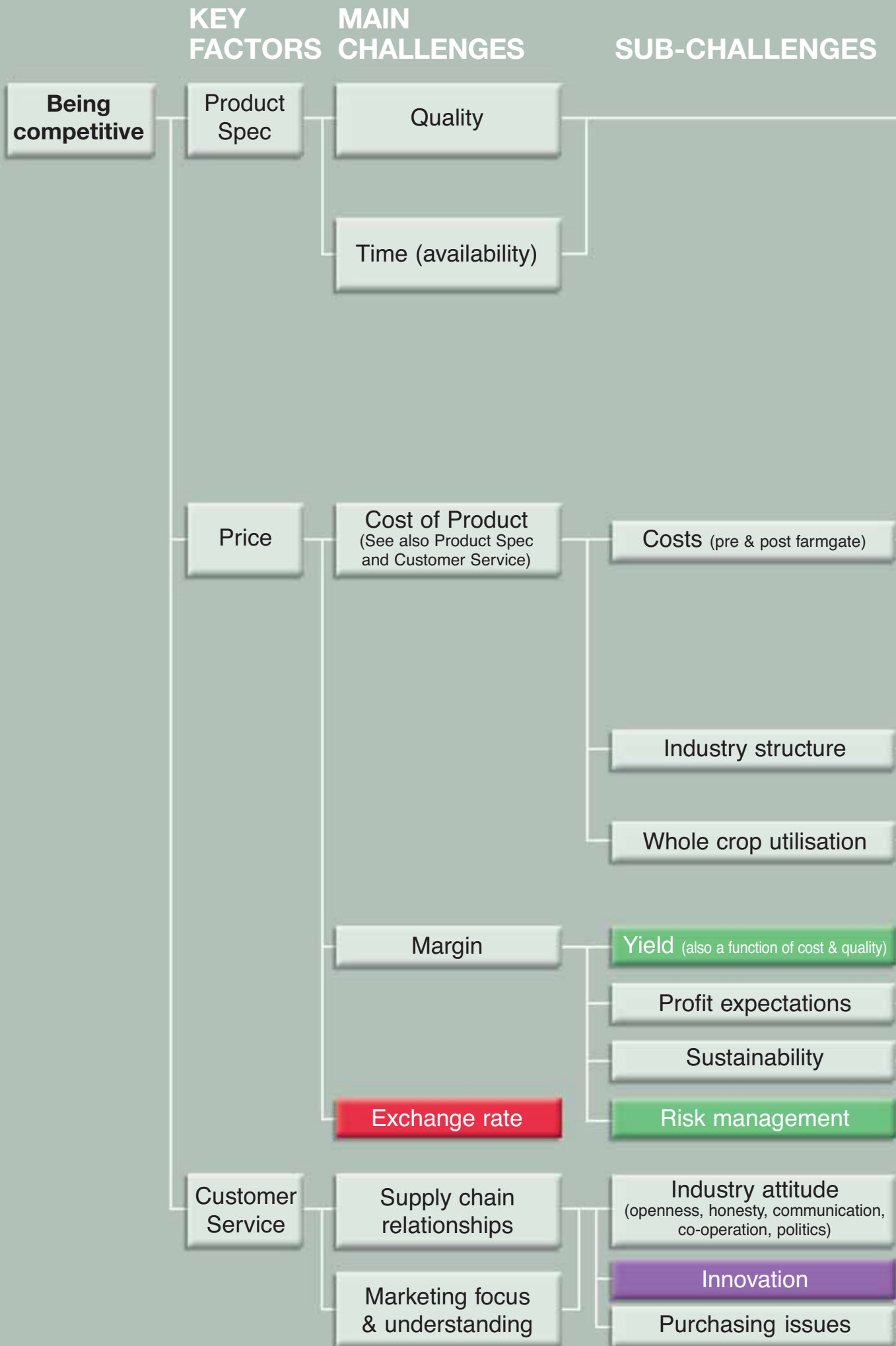
Industry responds proactively to BPC communication activities and, in the case of knowledge transfer, implements the recommendations communicated
(Action Plan 2)

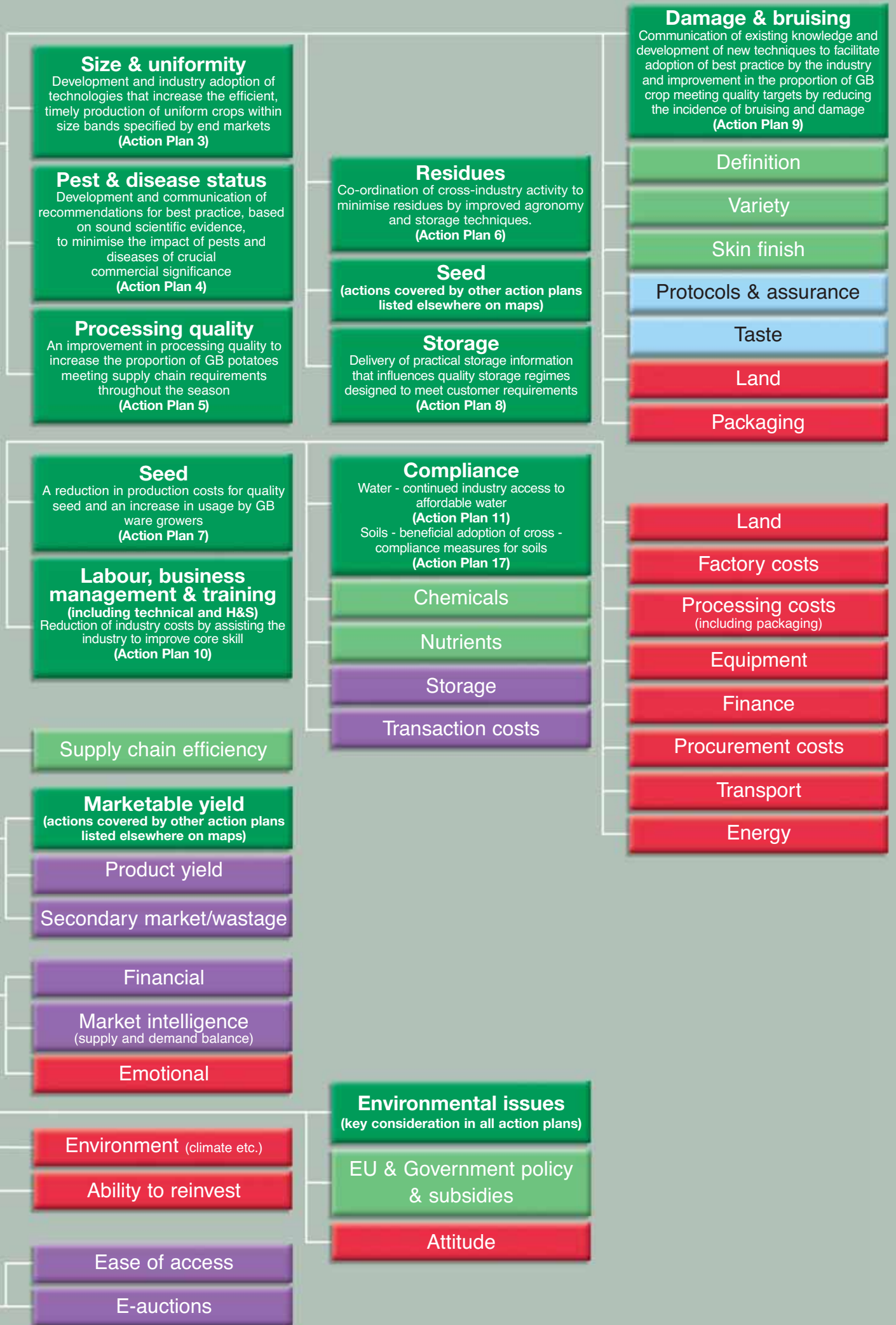
Market focus and industry attitude

BPC uses its cross-industry position to improve industry communication and tackle important but sensitive issues. Also, to proactively present the potato industry's case to third parties, from retailers to Government departments
(key consideration in all Action Plans)



Being competitive





Progress against Corporate and Business Plans

The following symbols are used to categorise progress:

- ✓ = the activities set out for this period have been delivered
- 🕒 = the activities set out for this period are underway but have not been completed in the targeted time
- * = the activities have been cancelled or deferred

The following abbreviations are used:

AEV	Advertising Equivalent Value
AHDB	Agriculture and Horticulture Development Board
ARF	Applied Research Forum
BBSRC	Biotechnology & Biological Sciences Research Council
BDA	British Dietetic Association
BNF	British Nutrition Foundation
BPMA	British Potato Marketing Association
BP2007	British Potato 2007 event
CAP	Common Agricultural Policy
CEO	Chief Executive Officer
COP	Cost of Production
CPA	Crop Protection Association
CSI	Crop Science Initiative
CSL	Central Science Laboratory
CUF	Cambridge University Farm
DEFRA	Department for Environment, Food and Rural Affairs
EAPR	European Association for Potato Research
FCC	Food Chain Centre
FPC	Fresh Produce Consortium
FSA	Food Standards Agency
FWAG	Farming and Wildlife Advisory Group
GI	Glycaemic Index
HDC	Horticultural Development Council
HGCA	Home Grown Cereals Authority
ICM	Integrated Crop Management
IGD	Institute of Grocery Distribution
IVT	Independent Variety Trials

KT	Knowledge Transfer
LEAF	Linking Environment and Farming
MAPP	Management Advisory Package for Potatoes
MI	Market Information
MRL	Maximum Residue Limit
NASPM	National Association of Seed Potato Merchants
NEPG	Northwest European Potato Growers
NFFF	National Federation of Fish Friers
NFU	National Farmers Union
NGO	Non-Governmental Organisation
NL	National List
NPTC	National Proficiency Tests Council
OTS	Opportunities To See
PCN	Potato Cyst Nematodes
PiP	Potatoes in Practice event
PMTV	Potato Mop Top Virus
PNL	Potato Newsletter
PPA	Potato Processors' Association
PR	Public Relations
PSD	Pesticides Safety Directorate
R&D	Research & Development
SBEU	The BPC's Sutton Bridge Experimental Unit
SCM	Supply Chain Manager
SCRI	Scottish Crop Research Institute
SEERAD	Scottish Executive Environment and Rural Affairs Department
SI	Statutory Instrument
SSG	Seed Sectoral Group
SPTA	Scottish Potato Trade Association
UKIA	UK Irrigation Association
USPB	United States Potato Board
VI	Voluntary Initiative
WPC	World Potato Congress

(ADAS, NIAB, SAC and TNS are the full names of organisations as opposed to abbreviations)

Action Plans cover more than one year. Since actions and activities completed in previous years are not shown, numbering may therefore not run sequentially.

Action 1

The outputs of the BPC demonstrate a full understanding of the critical issues affecting the British Potato industry, including size of market, supply & demand dynamics and macro business environment and can be used by industry to shape its future.

Action 1.1 Undertake research to clarify the current total size and structure of the GB potato market, with ability to continually update.

Activity 1.1.1 Acquisition and analysis of demand-side retail, food service and cost-sector data will proceed on an ongoing basis. TNS SuperPanel and Family Food Panel data will be acquired, integrated with other BPC data sources into a demand-side database. Statistical reports on trends in volume and value of sales of main product types and outlets will be updated 6-monthly as statistical tables and charts accessible through the BPC website. This data will be analysed in an annual review of trends, structure and change in market demand. These reports will be disseminated directly to 2600 BPC Market Information subscribers in July 2006 and January 2007. Reports will also be promoted from these dates through Supply Chain contacts and available for download on the BPC website by levy payers and commercial subscribers.

- ✓ Statistical reports on Consumption and Processing in the UK were updated in August 2006, November 2006 and January 2007 and have been on the BPC website for download through the year in current updated form. A special presentation was made to Council in Sep 2006 and to the Potato Processors Association in Oct 2006 on market size, linking previous consumption data through the analysis chain through to meals on the plate in various sectors including food service and also by broad meal types (chips, mash, baked, boiled etc). These data were also added as extra slides to the website reports. Presentations of this data have also been made to a number of major levy payers. A similar program of updating will continue in the next year.

Action 1.3 Undertake a programme to understand the GB supply situation and its changing dynamics including global competition.

Activity 1.3.1 Acquisition and analysis of supply-side data on areas, varieties, production, human consumption and processing on an ongoing basis. Using primarily BPC data sources (annual Planting Returns, monthly Merchant Returns), together with linked information to databases maintained under other activities (1.1.1 Market sizing, 1.3.2 Grower panel, 1.3.3 Imports and Exports), several key in-season reports will be produced on annual cycle including June First Plantings estimate, August Plantings by variety, November production estimates, and December-April stocks reports. Yield digs not completed, replaced by data from grower panel (1.3.2).

Review reports, thematic maps and statistical tables of trend data will be updated annually, including areas, production and prices 1960-present, annual balance sheet of supplies and disposals 1988-present, consumption and processing in GB 1988-present. These reports will be disseminated directly to 2600 BPC Market Information subscribers in according to publication timings noted above. Reports will also be available for download on the BPC website by levy payers and commercial subscribers. Contractually agreed information will be provided to DEFRA in August, November and January.

- ✓ Scheduled reports on June First Planting estimates, August areas by varieties, November production estimates, contracted outputs to DEFRA in November (areas, production, yields by sector for England, Scotland, Wales, national monthly balance sheet of supplies and disposals), updates of human consumption and stocks from November to April have been delivered. All reports are posted and available through the BPC website. Numerous (100+) ad hoc queries from levy payers and other stakeholders have been fulfilled during the year providing reports, spreadsheets, slides etc. Several presentations (10+) have been made to key stakeholder meetings of these results. Data has also been disseminated to 2700 subscribers of Potato Weekly/EuroPotato directly, as abstracts, or via links as appropriate. Annual statistical reports on long-term industry trends, balance sheet of supplies and disposals, areas and other supply side trend have been updated at key periods during the year. A similar program of updating will continue in the next year.
- Activity 1.3.2** **A Grower Panel will be maintained to provide detailed insight into agronomy, yields, storage and waste. A Grower Panel survey of 650 fields (c. 500 growers, 5% of area) will be conducted to track seed use, cultivations, crop protection, burn-off, harvesting, grading, storage, and market outcomes by supply chain sectors. This data will be acquired through three annual survey phases (June, October and March). Data will be added to an annual database (started 2005). Results will be summarized as reports on patterns of agronomy, storage and yields in May of each season. Data will also contribute in season to activities 1.3.1 (yields, wastage) and 1.3.4 (crop reports). Grower Panel members (c.500 growers) are able to download current reports live from the Grower Panel website, with major updates in December 2006 and April 2007. On these dates, summary reports will be distributed to 2600 Market Information subscribers and to the agricultural press, and be available on the BPC website. A detailed confidential technical report on agronomy practices in the potato industry will be promoted for sale commercially from January 2007 to major agro-chemical and other interested companies.**

 - ✓ Some 400 growers delivered clean and complete data on 690 fields, including agronomy, yields, storage and sales, based on two questionnaires sent in November 2006 and February 2007. A website was developed primarily to capture data, with some growers (c. 10%) entering theirs directly online, but most being entered by contractors from paper forms. The website also provided live online analysis of yields, agronomy, storage summaries as a value-added service to levy payers. Online data entry has increased markedly with the second form (Storage and Sales) and is approaching 30%. The yield data was used directly as fundamental to activity 1.3.1, replacing the former system of yield digs. Contacts regarding commercial sale of agro-chemical data were made through July-December. Reports on this and other aspects of agronomy are available via the online system. Reports and analyses from both the 2005 and 2006 Grower Panels were made to the Seed Sector Group, BPC Council, and to the agro-chemical Industry Research Group. The Grower Panel program will continue in the 2007 season is now a key part of the BPC's statistical data capture procedures.
- Activity 1.3.3** **European and international imports and exports to GB, and European crop and price information will be reported on an ongoing basis. Import and Export data is updated monthly from HMRC (Intrastat and Extrastat) and EuroStat. European crop reports and statistics are acquired from publications, specialist websites and contractors in Europe. Data on imports and exports contribute to total picture of Potato Supplies and Disposals and links to activity 1.3.1, with the same reporting schedule and channels. EuroPotato, published monthly, reports crop and price summary data. Potato Weekly provides briefer weekly key price index information. These reports are published on the BPC website, and distributed directly to subscribers to Potato Weekly (see activity 1.3.4). Participation in bimonthly NEPG and other European forums will be maintained.**

 - ✓ The Import and Export databases have been updated monthly, and a separate BPC survey of current weekly imports maintained. This data links in to activity 1.3.1 as part of the balance sheet of supplies and disposals. EuroPotato has been published monthly on schedule, and has provided continuing statistical summaries and crop and market trends and reviews to some 2,700 subscribers, as well as being posted on the website and available for download. Quarterly meetings of the North-West European Potato Growers group have been attended with contributions of shared data. A European summary sheet of area, yields, and production by years and countries has been maintained on the BPC website.
- Activity 1.3.4** **A Weekly Average Price Survey will be conducted, and current crop and ex farm price reports published in Potato Weekly. A Weekly Average Price Survey covering at least 30%, and optimally more than 40% of the volume traded annually will be maintained. Ex farm prices will be collected by telephone survey covering on average more than 150 reports per week. Current crop progress reports will be collected through Supply Chain reports and the Grower Panel participants. By September 2006 a Grower Pricing Panel will be fully operational, with a target of 50 grower price reports per week. Price and crop reports will be summarised by supply chain sectors and published weekly in Potato Weekly, whose opted-in subscriber coverage will aim to maintain 70% by area of growers and 70% by volume of purchasers. The WAPS index will be maintained and published weekly in Potato Weekly, maintained as the settlement index of the London Potato Futures market, and reviewed with current trends updated monthly on the BPC website.**

 - ✓ The Weekly Average Price Survey has been maintained as planned with survey levels exceeding 50% of total movements throughout the year, well in excess of target. Industry involvement and commitment has been very positive. The statistics are published on the website weekly, a live comparison chart is maintained with previous years, the data is disseminated to 2700 Potato Weekly subscribers, and provided to a strict schedule to the RMX Potato Futures exchange, where it is used as the settlement index. Summarized volume-weighted monthly data are provide to DEFRA under contract. Potato Weekly itself including a more detailed weekly price survey by sector and variety has been published on schedule on Monday each week and is also available through the BPC website. There were 2751 subscribers at year end, with a complete re-enrolment undertaken in August 2006, so that none are passive. Subscriptions rose from about c. 2600 at the beginning of the year. Potato Weekly contains weekly crop reports in addition to prices, and headline European data. This activity will continue on a similar basis in the coming year.
- Activity 1.3.5** **Early Crop weekly survey and seasonal report will be published. A weekly telephone survey will be undertaken of early crop growers between 1st May and 31st July, and used to publish on the BPC website a weekly updated page showing early crop lifting progress, with area, yields and average price. A summary report on the early crop season will be published on the BPC website in August. This activity will contribute to 1.3.1 (early crop area and production), and 1.3.4 (crop reports).**

 - ✓ The Early Crop Survey was completed for the 2006 early season at end of July 2006, and a complete report on the season published and disseminated to 2650 market information subscribers in August 2006. It remains on the website for download by interested stakeholders. The 2007 early season survey commenced from April 2007 and is continuing at the reporting year end. The survey provides to levy payers in this sector several value-added information products. A daily update of crop conditions and prices is available via Telephone Answering Machine Service (TAMS) on 7 regional lines. The BPC website (via link through to the BPC Grower Panel) provides two live reports, updated daily, breaking down areas cleared, prices, value and volume regionally and nationally. Early crop summary data contributes to statistical reports provided to DEFRA under contract. This activity will continue on a similar basis in the coming year.
- Activity 1.3.6** **Complete analysis of COP studies in France & Netherlands. April 2006 Develop a complete overview of study findings available to all BPC Levy Payers at no cost. Non Levy Payers £200 per copy.**

 - ✓ The COP report was published via the BPC website in January 2007, the report highlighted key structural differences in the supplying markets of France, Belgium and The Netherlands. The key findings of the report were the level of expectation that European growers have in terms of profitability and the substantial difference in scale of potato enterprises compared to the UK. The report is available in PDF form via website download or in CD or paper form by request.

Progress against Corporate and Business Plans

Action 1.4 Undertake a programme to understand the effects of demographic and lifestyle changes on future consumer demand for potatoes. Specifically, undertake four consumer research projects already identified and approved by Council in March 05 that fill in knowledge gaps and educate the industry, in particular looking at changing consumer needs, attitudes and trends to ensure the British Potato Industry has access to the most up-to-date market, shopper and consumer data.

Activity 1.4.6 Action out a communications campaign that distils key messages from BPC life stage research, undertaken during 05/06 and reported at a conference in March 06, that presents major opportunities and threats to the potato industry and provides actionable insights for industry to develop: -

- Produce a publication, that follows 'potato a healthy market', to ensure industry have a table-top reference point at all times (that includes additional qualitative data – see below) – to be compiled and distributed in June 07;
- Carry out 10 meetings by Autumn 06 that communicates a campaign aimed at increasing household menu's by 1 potato meal a week.

🕒 The new publication that follows on from 'Potatoes a Healthy Market' has progressed to draft stage but will not be completed by the end June (Due to loss of key staff) and the objective will be completed next financial year.

✓ Over 10 meetings were held with various levy payer and supermarket groups between July and October 2006. Presentations to 3 grower groups were held in November 2006.

Activity 1.4.9 Additional Research

Commission further research projects that fill in knowledge gaps shaped by 05/06 life stage and carbohydrate research that:
A) Understands consumers 'menu repertoire' and how to influence that with the aim of increasing consumers'/households' repertoire by 1 more potato meal a week;

B) Tests consumers' opinion of "Convenience" relating to potatoes and potato products and explore if the industry have the right products to offer;

C) Projects forward and assesses global trends that shape "Meals of the future" – how will consumers be eating i.e. meals in one, with a fork only, wet, on lap etc. and what this will mean to potato meals in the future.

✓ Meal Occasion research was undertaken in July 2006 and delivered in August. Meal repertoire omnibus research to understand the top 4 weekday main meals and what carbohydrate is chosen was completed in November 2006. Qualitative research looking at convenience was undertaken in October 2006 that looked at how potatoes are viewed as a convenient food including purchasing in-store, product placement, in-store package sizes, in home storage and preparation and cooking of potato based meals.

✗ As a result of the menu repertoire research results it was felt that the 'Meals of the Future' project should be delayed until the other research results had been communicated to levy payers. Meals of the Future will be considered as a project option for 2007/8 research activities.

Activity 1.4.10 Grower/merchant communication. Identify opportunities for growers and merchants outside of supplying major packers/processors that offers practical advice for developing and supplying new markets i.e. schools with the help of sustainable procurement initiative, chip shop sector aided by BQCC, merchandising etc.

- Target 40% of growers/merchants via a conference (north/south; to be decided following research with this audience to ensure we give them what they want).

Supply Chain Staff will:

- a) Drive awareness and benefits of the BQCC initiative amongst key growers and merchants;
 - b) Direct communication to the 5 Leading Distributors plus an identified Regional network advertised via the BPC website;
 - c) Understand the key issues affecting the use of the BQCC initiative and seek input into how the industry can tackle issues raised;
 - d) Involve the 'managed' group (BPMA, NFFF, and BPC) in developing joint initiatives to promote the use of BQCC product.
- ✗ Market conditions made BQCC initiatives difficult to achieve and staff shortages meant this project was deferred, as agreed by BPC Council.

Action Plan 2

Industry responds pro-actively to BPC communication activities and, in the case of knowledge transfer, implements the recommendations communicated.

Action 2.4 Industry leading events, the internet and BPC publications (i.e. Eyewitness) will be key tools for levy payer communication.

Activity 2.4.2 BP2007 has been agreed for 28th and 29th November 07 and will form a trade exhibition (at a no cost event to the BPC) with BPC organised conventions (x3) being held on day one targeting 300 unique delegates attending at least one convention. A BPC steering group has been agreed and which will steer the event and aid communications between different aspects of BP2007.

✓ The Steering Group is set up and planning for the event is going well. One hall is already booked and one hall is 70% sold out. The conference will now be one high profile event, rather than three.

Activity 16.3.0 Maintain and evolve BPC corporate website ensuring the website focuses on communicating by sector and develop a communications plan that increases number of individual levy payers by 15% and tracks users behaviour once on the site.

✓ New website completed. Unique visitor numbers have increased by 60.2% from an average of 5260 per month (Jan-May 06) to 8426 (Jan-May 07). The number of visits has also increased by 54.7% from an average of 9001 (Jan-May 06) to 13926 (Jan-May 07).

Activity 16.3.11 Develop a corporate PR plan that increases awareness of BPC activities amongst levy payers.

✓ A number of new initiatives have been introduced to improve communications including postcards, to publicise key marketing campaigns, and better use of e-mail alerts. New PR agency has been appointed to communicate activity to farmers through farming publications.

Activity 16.3.12 Maintain and evolve BPC publications; including a full review to ensure trade communication continues to report by sector.

✓ BPC Update reviewed and format changed to reduce costs whilst increasing the effectiveness of the information being communicated to levy payers. Retail Report maintained in existing format following positive ad hoc feedback from key members of the target audience. Grower Gateway was designed and launched in an electronic format; feedback from levy payers about this improved publication was very positive. See 2.8..

Action 2.5 To avoid duplication and identify areas of common interest, the BPC will liaise and work with levy bodies, Government and other stakeholders.

- Activity 2.5.1 Continue to work with other agri levy boards to understand and identify resource savings and best practice. Work with government agencies including FSA, DOH and key influencers and stakeholders (FPC, NFU etc) to keep abreast of issues that affect Britain's potato industry and report back as necessary. Report on progress:**
- ✓ Two ARF meetings (Oct 06 and Mar 07) and a best practice workshop (Dec 06) identified cross-sector collaboration activities. BPC contributed to joint activities concerning sustainable agriculture including soils and water KT, composting and waste R&D and energy use and climate change adaptation. BPC represented the ARF at the Oxford Farming Conference launch of the Defra supported project on communicating climate change and Dr Mike Storey has been appointed deputy technical director for the Forum.
 - ✓ Joint Levy Board Group on Nutrition meeting every 2 or 3 months as well as regular informal contact. Continue to work together on 'Food a Fact of Life' website. This website has moved from strength to strength and now attracts over 27k visitors per month. Also working together to provide a cohesive response to Year of Food and Farming..

Action 2.7 To carry out a comprehensive review of BPC R&D strategy to ensure that future research activities address industry priorities.

- Activity 2.7.1 Following agreement on the BPC R&D strategy in December 2005, progress on implementation will be reported at R&D Committee meetings (4 during 2006-07). New projects will be commissioned in the priority areas identified in the Corporate Plan. Participate in the EU Eurocrop project to contribute to identification of R&D priorities for the potato crop in a European context (Jul 06 to Mar 08). Organise meeting at WPC (Aug 2006) to identify opportunities for international collaboration between industry organisations for joint R&D activities (Aug 06 to Mar 07).**
- ✓ 11 new R&D projects commissioned during 2006/07 in line with the priorities identified by the R&D strategy. These included work on volunteer potatoes, PMTV assessments, *Dickeya* distribution and impact, CIPC vapour use, skin spot and PCN diagnostics, NIR for nutrient assessment, aggressiveness of blight populations and blight control strategies and gene linkages to quality traits. Eurocrop meetings (July & Nov 06 and May 07) developed a common framework to identify research requirements for EU arable crop competitiveness and BPC organised and led the meeting (Mar 07) of European potato experts to provide crop specific input that will help shape future EU research funding. BPC-organised and led meeting at WPC (Aug 06) with representatives from 8 countries established principles for international levy board collaboration. Specific opportunities for R&D and marketing collaboration were identified at a meeting (Feb 07) with New Zealand, Australian and South African colleagues. Information share and project review activities are taking place and future technical meetings are being planned.
- Activity 2.7.2 The benefit of GB involvement in mapping the potato genome has been established. Subject to international agreement on the methodology to be used, BPC will support participation of GB research institutions and ensure there is effective protection of IP so that future opportunities for the GB industry can be fully exploited. The progress of synergistic genomic programmes on the Solanaceae will be monitored and reviewed annually by R&D committee.**
- ✓ A BPC-initiated meeting (Nov 06) achieved agreement that sponsor bodies, SEERAD, DEFRA and BBSRC, would support GB participation in the Global initiative and subsequently a SCRI-led research proposal has been prepared (June 07). A report on Solanaceae genomics (Oct 06) identified opportunities for links with the proposed potato programme.

Action 2.8 Industry Technical Digest.

- Activity 2.8.1 Develop (Jul 06) and maintain thereafter an industry technical digest that at least once a year features each BPC R&D project, its object, progress and summary findings with key sector-specific messages for different audiences and where appropriate also features DEFRA, SEERAD and overseas R&D that benefits levy payers.**
- ✓ Since July 2006, BPC has published its monthly electronic digest of R&D, the BPC Grower Gateway. Each issue comprises 6-8 short summaries as follows: headline news, new/infant R&D project, campaign related project, mature R&D project, DEFRA/SEERAD/other project, events and relevant publications. Each summary is linked to a longer (200-300 word) article on a given subject which in turn is linked to a website resource or publication. The Grower Gateway is sent to c60% of levy payers electronically; a paper edition is sent to the remainder. Each issue typically generates 400-600 unique reading events. Feedback has been collected informally from supply chains and levy payers and has been positive.

Action 2.9 Levy Payer Survey.

- Activity 2.9.1 Conduct a survey of levy payers that identifies specific KT priorities by subject and users' preferred learning style (meetings, hard-copy, communicate through agronomist only etc.) (Jul 06). Ensure data is linked with Contacts database and target communications thereafter.**
- ✓ Overlap identified with other activity by levy collection team (to review levy payer contact records) so the projects were merged with a successful outcome.

Action Plan 3

Development and industry adoption of technologies that increase the efficient, timely production of uniform crops within size bands specified by end markets.

Action 3.2 Commission new R&D on the management of agronomic inputs to understand variability and improve consistency of size and uniformity for the end market (also links to Action Plans 5 and 11).

- Activity 3.2.2 Continue the Crop Uniformity project at CUF, involving Council and industry representatives as part of the project management and review team. Monitor against contract milestones and report progress to R&D Committee in Autumn 2006 and Spring 2007. R257 Improving Crop Uniformity (£191k). Review the outputs from the BPC R&D projects (R214 & R257), that have established the linkage between aging and stem number and, with the involvement of the seed sector, clarify the associated relationships with tuber numbers that can be exploited commercially and communicate (above). Where gaps in knowledge are identified, ensure that these are prioritised and where appropriate addressed through R&D that has the active involvement of the industry from Spring 07.**
- ✓ The monitoring and reporting of the BPC-supported Crop Uniformity project at CUF was carried out as planned. New seed rate recommendations for cv Estima were produced based on project results and information made available for KT activities. A new proposal was developed to exploit the relationship between stem and tuber numbers but funding was agreed in May 2007 only to conduct a review of historic data to provide evidence and justification for further research on seed management.

Progress against Corporate and Business Plans

- Activity 3.2.3** Establish R&D Committee steering group for the nitrogen management project and monitor against contract milestones and with the group reporting progress to R&D Committee in Autumn 2006 and Spring 2007. R273 Nitrogen management for potato crops.
- ✓ R&D steering group has monitored and reported progress of the trials at CUF and information from the BPC projects on fertiliser use will contribute to the on-going revision of potato fertiliser recommendations in RB209 that is being led by the BPC.
- Activity 3.2.4** Working with the Crop Uniformity industry project management and review team, identify and quantify messages and audiences suitable for KT (Nov 06) and decide if sufficient to commence project-specific campaign. Develop and have approved a campaign plan (Jan07). Action against plan.
- 🕒 A comprehensive review of uptake of previous (seed management) project undertaken by an independent consultant has helped identify level of awareness, including 7 sector specific case studies of industry use and has provided recommendations on approaches to take with crop uniformity project.
- BPC met with the project team and agreed that new seed rate recommendations developed within the project provide a springboard for better understanding of crop uniformity. These were published and distributed in April 2007. Demand was lower than expected (c250 requests) due to earliness of planting. Further promotional activities are planned for 2007/8.

Action Plan 4

Development and communication of recommendations for best practice, based on sound scientific evidence, to minimise the impact of pests and diseases of crucial commercial significance.

- Action 4.1** Delivery of a blight campaign and development of new knowledge transfer initiatives on pests and diseases, identified and agreed with industry, to be delivered in subsequent years.
- Activity 4.1.3** Maintain industry-supported blight maps and sample collection. Specifically, ensure blight maps are rebuilt to reflect wishes arising from scout and stakeholder surveys and UK blight forum. Promote the benefit of scout activity in terms of providing samples for R&D project – Check understanding in Nov 06 scout survey. Use scout survey to affirm that the service is still desirable (Nov 06).
- ✓ BPC's blight maps ran through to October 2006, achieving >15000 website visits. Activity was supported by 5 supply chain meetings and related press work and publications relating to fungicide comparisons and blight pathogen populations. Independent benchmark surveys demonstrated a large shift in adoption of best practice messages with 76% of those who own out-grade piles achieving control in line with best practice (against 54% in the previous year). Through 2006 BPC part funded Blightwatch, a blight forecasting service that compliments BPC blight maps. Through a stakeholder meeting and Blight scout feedback the requirement to do this and achieve better coordination between the two services was confirmed. In May 2007 a joint BPC/Blightwatch service was launched providing users with text message and email alerts for disease incidence and risk forecasts. A further six supply chain meetings have been undertaken in 2007 specifically covering the consequences of changes to the blight population, fungicide selection and application technology.
- Action 4.2** Conduct R&D to provide scientific information to support the development of ICM strategies for pests and diseases identified as priorities by the industry.
- Activity 4.2.1** Continuation of ongoing programme of R&D on management of bacterial rots, blight, skin blemish diseases, aphid resistance, PCN and spraing (PMTV & TRV). With appropriate monitoring against contract milestones, annual reporting and post-completion review by R&D Committee. R247 PMTV in Scottish seed potatoes.
- ✓ Work progressing satisfactorily. Poster summarising results from the project was presented at BPC seed event.
- Activity 4.2.1** R230 Saffie, Sustainable Arable Farming for a Improved Environment (LINK).
- ✓ LINK project reviewed with industry partners and government sponsors and a no-cost extension agreed to end June 07 to ensure completion of data analysis and preparation of final report.
- Activity 4.2.1** R237 EUCABLIGHT - UK Forum on late blight.
- ✓ Results from ongoing BPC-funded blight population research and completed topic review on blight aggressiveness presented at the Forum held in Feb 2007 with 51 industry attendees.
- Activity 4.2.1** R264 PCN tolerance variety evaluation.
- ✓ Trials to evaluate PCN tolerance of 13 varieties successfully completed and report published. The BPC PCN management model was updated using information generated from the project.
- Activity 4.2.1** R249 Integrated control of black dot (Co-funded with Scottish Executive).
- ✓ The project has progressed satisfactorily and a 1yr extension has been agreed to provide additional information on the use and interpretation of the soil diagnostics assay and to ensure that risk assessments reflect commercial assessment criteria for decision-making.
- Activity 4.2.1** R254 Nematicide application (LINK)(see 6.3.1)
- 🕒 LINK project completed. Final report delayed due to contractor staff changes.
- Activity 4.2.1** R255 Localisation of TRV within fields
- ✓ Project successfully completed and reported. Information incorporated into R&D Topic review.
- Activity 4.2.1** R260 Powdery scab review
- ✓ Review completed and discussed at BPC Powdery Scab Workshop (Dec 2006). The outputs from the workshop provided the basis for development of subsequent KT activity and R&D project development.
- Activity 4.2.1** R238 Verticillium wilt monitoring.
- ✓ Annual report on the changes in Verticillium populations in the rotation received. Work discussed at rotations meeting organised by HDC to identify cross-sector collaboration opportunities.
- Activity 4.2.1** R2xx Slug control.
- ✗ Research institute unsuccessful in obtaining the necessary funding for the studentship linked to the project. As a result, the proposed work will not be carried out.
- Activity 4.2.1** R250 Aphid neonicotinoid resistance (LINK)(see 4.3.3).
- ✓ See 4.3.3

- Activity 4.2.1 Use the findings from projects listed under 4.2.1 along with newly commissioned research reviews to develop specific targeted communications that deliver findings from new R&D relating to diagnostics, powdery scab and residue reduction.**
- ✓ A powdery scab workshop (November 2006) brought together industry and researchers to explore strategies for control suitable for different end markets and to review R&D. Based on recommendation from this meeting, a new "end market focussed" guide to powdery scab control has been produced and distributed to seed producers and merchants.
 - Residue related issues and FSA report have been communicated to the industry through BPC's Agronomists Bulletin and Grower Gateway and at PS2007.
 - Diagnostics related research has been promoted as part of other existing campaign activities rather than as a stand-alone activity. Examples include coverage of diagnostics for black dot as part of BPC's new guide "Managing the risk of black dot". Likewise powdery scab diagnostics have been covered in BPC's guide "Managing the risk of powdery scab".
- Activity 4.2.3 Within the new integrated programme of variety testing ensure that BPC IVT trials are conducted according to the agreed protocols. The initial results of disease testing to be provided to breeders/agents and the BPC by end January 2007 with final results and variety descriptions by end March 2007. Ensure that there is effective integration with the National List VCU programme through active BPC participation with the DEFRA VCU steering group. R259 BPC Independent Variety Trials.**
- ✓ Disease resistance ratings has been obtained on 20 varieties in trial during 2006/07 and communicated to breeders and agents as part of the integrated NL/IVT programme. An industry consultative panel has reviewed the progress of the project (June 07) and IVT information is being incorporated into the new BPC potato variety database.
- Action 4.3 Validation of disease diagnostics and development of risk assessments to allow the industry to exploit new technologies and improve pest and disease management decisions.**
- Activity 4.3.1 Continuation of ongoing programme of R&D on disease diagnostic validation and risk assessment development with appropriate monitoring against contract milestones and annual reporting. R253 Potato disease diagnostics.**
- ✓ Regular review meetings held with industry representatives and presentation given to RDC on project progress. A 3-month extension agreed to ensure completion of data analysis and preparation of interpretation guidelines.
- Activity 4.3.2 Continue to provide information on aphid populations via www to support recommendation on the management of insecticide resistance and control of populations in relation to virus control in seed crops. Use a grower questionnaire to generate data supplied by users.**
- ✓ 2006 was the busiest year to date with over 21,000 aphids sorted and identified from 727 trap samples. Despite the heavy workload, turnaround times were further reduced and the majority of results were returned to the grower on the morning the sample arrived at CSL. In 2006 a new peak of 1056 unique website visits was attained and consultation with supply chains has identified many who will copy or transcribe results for their own communications. During August 2006 the service was explained and promoted by supplying seed producers and merchants with an interpretive guide to the service.
 - In November 2006, >90 seed producers (c23%) returned a survey relating to the project. Key findings were:
 - 63% use the scheme for better targeting or reduction in aphicide use
 - 27% use the scheme for haulm destruction or seed marketing
 - 9% always check trap results before spraying (for peace of mind)
 - <1% take no account of the scheme
 - Staff also met with >100 stakeholders at BPC's Seed Industry Event to identify modifications for 2007. A number of these have been launched for the 2007 season; these include email and text myzus alerts, regional weekly summary maps, tools to allow seasonal comparison and links to statutory services provided by SASA and Rothamsted.
- Activity 4.3.2 Exploitation of Q-PCR diagnostics identified as providing potential for improved integrated management of PCN populations. Access to the (overseas) technology is to be explored and subject to agreement by R&D Committee, a practical evaluation will be carried out with GB research centres and the overseas partner to establish benefits of introducing such a system.**
- ✓ Project collaboration agreed with Crop and Food Research NZ. This has resulted in two visits to the UK by the NZ research partner to support conduct of the project. PCR diagnostics assays tested by CSL and progress made on further development of the DNA extraction technology and comparisons with currently available methods.
- Activity 4.3.2 Working with ADAS, develop a joint proposal to deliver the findings of DEFRA and BPC pcn research to the industry (Jul 06). Action against the proposal if approved.**
- ✗ A number of proposals were developed in conjunction with ADAS and presented to DEFRA. These have not been funded.
- Activity 4.3.3 Continuation of ongoing programme of R&D on aphid resistance with appropriate monitoring against contract milestones and annual reporting. R250 Neonicotinoid stewardship (LINK)**
- ✓ See 4.2.1 LINK project reviewed with industry partners and a 1-year extension to March 2008 agreed to provide continuity in the aphid resistance-monitoring programme as neonicotinoids have become available for use on a wider range of crops.
- Activity 4.3.4 Based on post-storage assessments of skin spot control from PiP observation trials, candidate products will be identified that provide an alternative to 2-AB. Storage trials will be carried out during 2006/07 to provide information required to improve integrated control measures. Relevant information will be disseminated via the storage KT campaign.**
- ✓ Storage trials completed satisfactorily and information presented at supply chain workshops during 2006/07. Consolidated results being incorporated into a new KT document for dissemination via the storage campaign.
- Activity 4.3.5 R267 PCN & biofumigation.**
- ✓ PhD Student appointed and laboratory studies to understand chemical profile of different biofumigant crops in progress.
- Activity 4.3.5 R269 PCN decline (LINK).**
- ✓ LINK project review meeting held with industry partners (Oct 2006) and project progressing.
- Activity 4.3.5 R268 Wireworm management (LINK).**
- ✓ LINK project reviewed with industry partners. Work progressing satisfactorily. KT messages re pheromone trapping to be updated as result of new findings.
- Action 4.5 Conduct a review to establish the importance of Erwinia chrysanthemi (Echr)**
- Activity 4.5.1 Conduct a review to establish the importance of Erwinia chrysanthemi (Ech) to the industry in GB to establish the potential impacts on the seed and ware sectors. Requirements for R&D identified and prioritised for action by R&D Committee and SSG (Nov 06) and if appropriate projects commissioned from Spring 07. Information on current knowledge and understanding of Echr to be communicated to the industry.**
- ✓ The review was commissioned and completed by CSL and SCRI and an active communication programme has been put in place to deliver current knowledge. Gaps were identified and new R&D commissioned to provide data on distribution and incidence.
- Action 4.6 Evaluate the outcome of the 6 month pilot study on volunteer potato control.**
- Activity 4.6.1 Evaluate the outcome of the 6 month pilot study on volunteer potato control (Sept 06) and if appropriate develop a joint LINK project with HDC and industry to exploit the new methodology.**
- ✓ Joint LINK project developed with HDC and funded with government support for a further 3-years to further develop the new methods for volunteer control.

Progress against Corporate and Business Plans

Action Plan 5

An improvement in processing quality to increase proportion of GB potatoes meeting supply chain requirements throughout the season.

Action 5.2 a) Research and develop agronomy and management to provide crop to meet market needs from field and store;
b) Develop plans to implement new findings from R&D.

Activity 5.2.1 R271 Cytokinins & Sprouting

✓ PhD Student appointed and laboratory studies to understand the mechanisms underlying the onset of sprouting progressing well.

Activity 5.2.1 Continuation of ongoing programme of R&D on processing quality and tuber characteristics with appropriate monitoring against contract milestones and annual reporting. R246 Flavour characteristics of S pheruja (LINK)

🕒 Moved to 18.1.2

Activity 5.2.5 Implement findings from project R235, on optimisation of fry colour using modified CIPC application practices, in collaboration with industry supply chain partners by conducting evaluations in commercial scale stores. Report findings via the Joint BPC/PPA working group (twice per annum) and disseminate advice via storage KT campaign.

✓ Commercial scale evaluations. 'CAT-kit' thermal fogger equipped with catalytic converter completed and reported, including presentation to PPA in Feb 2007. Information made available via BPC/PPA meetings (July 06 & Feb 07) and associated advice disseminated via storage KT campaign in activity 8.4.

Action Plan 6

Co-ordination of cross-industry activity to minimise residues by improved agronomy and storage techniques.

Action 6.1 Obtain relevant information on residue issues affecting potato crop production and protection arising from:

a) changes in EU and national legislation, in particular implementation of 91/414;
b) consumer and environmental concerns.

Activity 6.1.1 Maintain liaison with competent GB authorities (PSD and FSA, SASA), with representative industry bodies (e.g. CPA) and the farming unions, on the implications of legislative changes at the EU and national level. Ensure six-monthly meetings and two-way bimonthly updates as issues take place.

✓ The industry requirement for continued availability of nematicides for use within IPM strategies has been central to discussions by BPC with the agrochemical sector and liaison with government regulators. Aldicarb has been lost but 1,3-D (Telone) has been retained until 2010. Blight resistant GM-potato trials had a high profile in 2007 and BPC provided an industry view to government following consultation and to provide clarity has debated this widely within the industry and at meeting with NGOs.

✓ Meetings were held to target.

Activity 6.1.2 Following publication of the FSA residue minimisation guidance document maintain liaison meetings with the key NGOs to obtain their views on implementation of the guidelines so as to be able to respond on behalf of the industry to emerging issues concerning residue management. Provide feedback to government and industry groups ensuring that action is taken to respond to concerns

✓ BPC managed the industry response to the publication of the Potato Crop Residue Minimisation guidelines by FSA. Improved access to BPC R&D information was provided via ADLib. Feedback on the FSA publication was monitored in press, with supply chains and the PPA. No specific concerns identified that have required action.

Activity 6.1.4 Reviews to be carried out for the residue minimisation gaps identified from R&D strategy analysis. The recommendations from the reviews are to be considered by the R&D committee (Sept 06) and, where appropriate, new projects commissioned to address minimisation issues. Where more immediate advice is appropriate guidance notes will be developed in conjunction with industry and incorporated into crop assurance protocols.

✓ Topic review recommendations on pesticide in water, storage and aphid control reviewed by R&D Committee (Oct 06) but no specific research needs identified. Best practice guidelines on CIPC application and store management to minimise risk of MRL exceedance was developed and incorporated into Assured Produce protocols.

Action 6.2 Disseminate information to the industry and interested parties to improve awareness and knowledge of residue management.

Activity 6.2.1 Modified for 2006/07. Maintain routine liaison meetings with FSA to ensure that they are aware of stakeholder and industry initiatives for pesticide minimisation and that industry action is being taken to deliver practical reductions in pesticide residues. At each stakeholder (e.g. PPA, BPMA and Farming Unions) and Supply Chain meeting have an agenda to discuss residues, ensure emerging issues are taken into account and documented.

✓ Communication on residue issue continues with key stakeholders.

Action 6.3 Assist cross industry initiatives to complement new opportunities for residue minimisation by provision of relevant information from R&D projects commissioned to address industry priorities identified through consultation at 6.1 and 6.2.

Activity 6.3.2 Continuation of ongoing R&D that seeks to minimise residues of concern in field and store, with appropriate monitoring against contract milestones, annual reporting and post-completion review by R&D Committee.

✓ The two projects on CIPC residue minimisation and store management have progressed satisfactorily and information was presented at PS2007 and at international technical meetings (Jan 2007). Further updates have been given by researchers at joint meetings with PPA (Jul 06 & Feb 07) and at supply chain store management workshops as part of the KT campaign.

Activity 6.3.4 Report to the R&D committee on the practical outcomes from the collaborative linkages in the US that have been developed for the seed management programme and field demonstration at WPC. Information to feed into development of crop uniformity KT plan (new activity 3.2.4)

✓ Information delivered from US trials and the World Potato Congress presentation and field demonstration (Aug 06) gave good recognition to BPC and has fed into KT planning.

- Activity 6.3.5** Review outputs from recently completed CIPC studies to identify and commission research that will protect the industry from adverse environmental impacts of contaminated wash water and provide opportunities for its efficient reuse.
- ✓ Topic review on wash water completed and CIPC project outputs reviewed. Opportunities for efficient re-use identified but no requirement for specific new R&D to be commissioned.
- Activity 6.3.6** Identify gaps in knowledge that will improve the opportunity to practically exploit vapour phase CIPC in potato stores and commission research that will demonstrate the utility of the approach for box and bulk stores.
- ✓ Following Gap analysis a 2.5yr project that engages with the commercial CIPC suppliers was commissioned with Glasgow University and Sutton Bridge.
- Activity 6.3.7** Working with the seed sector, establish the effects of very low levels of contamination by glyphosate on seed tubers and if appropriate develop a LINK programme with the sector that will seek to ameliorate risk.
- ✓ Effects of Glyphosate shown at PiP demonstration (Aug 06) and as new data from US did not establish the need for a LINK project the information is being consolidated as an advisory note.

Action Plan 7

A reduction in production costs for quality seed and an increase in usage by GB ware growers.

Action 7.1 Identify the cost of quality seed production.

- Activity 7.1.1** Continue rollout of benchmarking tool consistent with other sectors and Model Version 8 launch. Seed Industry Targets to be completed by March 2007.
- Introduce Best Practice training programme into Data Share group environment consistent with 10.3.4. Available to all active groups of a minimum of 6 members.**
- 🕒 85 growers have attended cost of production workshops. Three major seed supply groups have agreed to set up specific groups to look at using the data share facility. SAC have agreed to look at the possibility of setting up data share groups among their agronomy service clients. Activity not completed as all other supply chains are proving to be fairly resistant to the idea of data share so far.
- Activity 7.1.2** Extract all useful seed relevant data from the European cost of production project and the grower panel project. Translate findings into meaningful messages and communicate to the relevant sectors of the industry.
- ✳ The European Cost of Production report was found to be not particularly relevant to seed sector so a comparison study of the seed classification schemes of major seed producing European countries has been produced. Where relevant the findings of this study will be used to promote the quality and assurance provided by purchasing British classified seed over farm saved or imported seed.

Action 7.2 Identify Seed price trends relative to production.

- Activity 7.2.1** Carry out annual average seed price survey and compile data with labelled figures. Communicate these figures and year on year trends to seed industry levy payers
- ✓ Requests were sent out in early June and returns are currently being compiled to produce aggregate average prices.

Action Plan 8

Delivery of practical storage information that influences quality storage regimes designed to meet customer requirements.

Action 8.1 Maintain operation of the critical research facility at SBEU through operation of the unit in accordance with its business plan (including external contracts). This research facility will:

- Provide education and advice on storage;
 - Undertake R&D.
- Activity 8.1.0** Run unit in accordance with business plan for 2006/07.
- ✓ Sutton Bridge Experimental Unit operated in accordance with Business Plan and budget.
 - New Business Plan for 2007-12 prepared in consultation with industry and submitted to Council. Proposals approved for 2007/8 and others, including major proposals for capital expenditure on new facilities, endorsed for forwarding to AHDB/PSC.
- Activity 8.1.1** REVISED for 2006/07. Operate advisory activities from SBEU for a target of 800 contacts for 2006/07. Ensure internal quality targets on response to enquiries are met.
- ✓ Advice delivered to industry through a wide range of activities, including its Storage Advice Line (over 300 calls); monthly bulletins (over 700 subscribers); a Storage Discussion Group (>30 members) and over 20 grower/levy payer meetings.
- Activity 8.1.2** Continuation of approved research projects on CIPC sprout suppressant with appropriate monitoring against contract milestones and annual reporting. KT to form part of ongoing storage campaign (see 8.4).
- ✓ Completed and reported to schedule. R258 trials have provided positive results and the foundation for on-going work (R288) investigating the potential to use CIPC vapour for sprout control.
- Activity 8.1.2** R265 CIPC and ventilation (SBEU component).
- ✓ Completed in accordance with modified milestones to date. R265 trials have been undertaken for the most part in commercial stores over which SBEU has not had full control and where some crops have not stored as well as initially planned; some compromises on the work carried out have therefore resulted. Nevertheless, sound data has been obtained and worthwhile reductions in CIPC usage have been achieved in most stores. Feedback from industry has been positive and supportive of this on-going work.

Progress against Corporate and Business Plans

- Activity 8.1.3 R251 Skin spot control (SBEU component). Identify opportunities for new work on storage-related research projects and develop proposals that address industry priorities.**
- ✓ Trials completed and reported to schedule. Skin spot was controlled well using the test substance fludioxinil, applied as a seed treatment.
- Activity 8.1.4 Carry out ongoing development project on the AssiStore decision support system for storage. Release of full systems for industry evaluation to a limited number of users in autumn 2006. Obtain user feedback for refinement of system with aim of launching AssiStore industry-wide for 2007 storage season.**
- 🕒 Following software glitches in the program in autumn 2006, the decision was made to postpone the industry evaluation. The system was successfully used for a full season's storage at SBEU on both pre-pack and processing crops. Plans are now in place to release the AssiStore software to a small number of industry users in autumn 2007.
- Activity 8.1.5 Sutton Bridge Experimental Unit – external contracts and services (income) – secure third party income to the value of £75K.**
- ✓ External contracts and services conducted to the value of c. £80k, including trials for major potato processors, international agrochemical clients and storage work on non-potato crops.
- Activity 8.1.7 Carry out ongoing storage research projects on fungal pathogens (see 4.2.1) with appropriate monitoring against contract milestones, annual reporting and post-completion review by the R&D Committee. R249 Integrated control of black dot (SBEU component) (co-funded by SEERAD).**
- ✓ Trial completed and reported on schedule. Good correlations observed between crop duration (emergence-harvest) and levels of black dot seen both at harvest and during storage. Data from this work has formed the basis of an extension to the project being conducted in 2007/8.
- Activity 8.1.8 Extend work under 8.1.8 (05/06) to include international elements of humidification use.**
- 🕒 Humidification use in the USA observed during a visit in August 2006. Growers Guide on the use of humidification in preparation for release in late summer 2007.
- Action 8.2 Obtain accurate information on storage costs to fill gap in current information base which is key to understanding GB competitiveness.**
- Activity 8.2.1 Storage KT campaign to Dec 2006 includes storage cost dissemination. Includes on-going awareness via supply chain teams.**
- ✓ Awareness raised of storage cost issued using a range of KT, including storage cost-wheel “ready reckoner” (see 8.4.1 below), grower meeting presentations (including links to BPC Benchmarking program) and press articles (eg. Crops, 18 Nov 2006).
- Action 8.4 Develop and implement a storage KT campaign.**
- Activity 8.4.1 Action against 2006/7 plan. Specifically provide and promote tools that engender a better understanding of storage costs (Jul-Sep 06), a thorough understanding of new CIPC legislation and provide guidance on ideal store size and shape to optimise loading times and airflows. Use 2007 storage conference to identify store managers training requirements that can be incorporated into future plan.**
- ✓ As part of BPC's storage plan; easy-to-use “ready reckoners” were developed to highlight costs specific to seed, processing and ware storage. Over 2000 have been distributed supported by press work and on-farm meetings. New grower guide has been developed to coincide with the launch of a new MRL for CIPC. Additionally, a booklet of case studies addressing store size and loading times has been published and distributed to over 1000 recipients. The guide was promoted at Potato Storage 2007 (see below) along with other new publications addressing deficiencies in air-flow management. Potato Storage 2007 attracted over 220 key stakeholders involved in potato storage, 40 of which joined BPC's storage forum in March 2007 to discuss storage related priorities for R&D and KT.
- Activity 8.4.3 Organise and deliver an international technical conference on storage and, if appropriate, develop links to build the event into a programme of KT activities which includes the LAMMA show and/or an EAPR Engineering & Utilisation section meeting.**
- ✓ Potato Storage 2007 was closely linked to the BPC's presence at LAMMA and preceded the EAPR/FNK/UEITP 4th Potato Processing Conference and EAPR Engineering & Utilisation Section Meeting hosted and organised by the BPC.
- Activity 8.4.4 Carry out a revision of the BPC Store Managers' Guide to bring the publication up to date including, in particular, enhancement of the sector-specific areas of the guide.**
- 🕒 A revision of BPC's Store Managers Guide is underway with 8 out of 26 chapters edited. The project is expected to complete in the last quarter of 2007.
- Activity 8.6.1 Carry out, in liaison with other levy organisations, a review of energy efficiency and use in stores taking on board cross-sector R&D knowledge and commercial experience. Aim to maximise any potential synergy and learning from other sectors. Interpret generic information for potato storage to improve efficiency of energy use and minimisation of environmental impact and disseminate findings.**
- ✓ New Growers Advice publication prepared on ‘Electricity cost management’ published at Seed Industry Event (Nov 06). Report commissioned from FEC Services on energy use in potato storage and published in spring 2007. Work to enhance efficiency of energy use has started including the use of thermal imaging cameras to identify structural deficiencies; commercial case studies on energy use to follow in autumn 2007. Cross-commodity opportunities being explored through the Applied Research Forum.
- Action 8.5 International liaison with other storage centres.**
- Activity 8.5.1 International liaison with other storage centres: eg as an invited speaker, give a presentation to the World Potato Congress and use the opportunity whilst visiting the USA to study North American storage practices and identify those of potential use in GB and consider practicalities for implementation.**
- ✓ Adrian Cunnington delivered a paper on ‘Potato storage in Great Britain’ to the WPC in Boise, Idaho in August 2006. A visit was also undertaken to the University of Idaho storage research centre at Kimberley and to commercial processing storage facilities. Jeff Peters undertook a visit to China as part of an international delegation on potato production and storage in August 2006. Adrian Briddon spoke at the Potato Storage International conference in Poland. Visitors to SBEU included groups from the EAPR Engineering & Utilisation section meeting (see 8.4.3) and PPO, Netherlands; other overseas visitors were received from Russia, USA and Japan.

Action Plan 9

Communication of existing knowledge and development of new techniques to facilitate adoption of best practice by the industry and improvement in the proportion of GB crop meeting quality targets by reducing the incidence of bruising and damage.

Action 9.1 Communicate current information on bruising and damage reduction (e.g. cultivations, harvester settings, handling) and subsequently incorporate dissemination of new information from R&D projects.

Activity 9.1.2 Conclude current bruise reduction activity ensuring harvester workshops are provided during 2006 season and that by Sep 06 existing and new (pack-house, grading and retail specific advice) guides and training tools are available to the industry.

- ✓ BPC's bruising campaign concluded in September with publication of a CD based "toolkit". The toolkit brought together existing bruising related presentations and publications along with a number of new items (e.g. packhouse staff training programme) These have been distributed and are being used by potato supply chains.

Action 9.2 Improve understanding of the impact of agronomic factors on the risk of bruising and develop and validate methods to more rapidly and accurately assess susceptibility to bruising through R&D.

Activity 9.2.1 Carry out with industry partners, an evaluation of the rapid predictive test for bruising susceptibility (from LINK R240). R252 Bruising sensitivity at harvest (SAC). R263 Tuber turgor and bruise susceptibility (CUF).

- ✓ Assessments carried out with McCain, Greenvale AP and Branston established the potential of the impact device. Reports received on bruising work from SAC and CUF are helping to develop advice for growers.

Action Plan 10

Reduction of industry costs by assisting the industry to improve core skill levels.

Action 10.2 Raise the profile of health and safety within the potato sector, working with the appropriate agencies to assist them with their overall aim of reducing the number of deaths and injuries within agriculture. Undertake activities where a special risk has been identified and aim to reduce it.

Activity 10.2.1 Health & Safety Training concept of in-house modular DVD based training to be extended to high risk elements, identified through on-farm risk assessment process. (Based on successful Bulker Transport model). 1 per year.

1. Harvesting (HSE Priority)

2. Box Transport

3. Storage Facilities – in line with Working Height Legislation

Negotiate joint funding arrangements with FCC, HSE & Industry. (50% min external funding)

Consider using FCC operational analysis tool "Masterclass" to ascertain "Best Practice" prior to commencement.

- ✓ The DVD based modular training programme has been developed and is due for release to Industry in July 2007. The programme has been developed in conjunction with the Health & Safety Executive, National Farmers Union and agricultural machinery manufacturer Grimme, who have provided sponsorship and valuable input into the project. External sponsorship of £7500 has been achieved from the above sources. There have been a number of key enhancements to the original project brief, the provision of a separate Grading module plus the entire programme will have translations into Polish, Portuguese, Latvian and Lithuanian to foster better understanding for non-English speaking staff.

Action 10.3 Benchmarking development:

a) provide levy payers with a tool to develop and understand the cost structure of theirs and similar potato enterprises;
b) to facilitate the exchange of cost data in a secure and confidential environment, allowing the development of best practice information sharing.

Activity 10.3.1 BPC to provide website hosting facility through DBT in conjunction with Prospect Management services. BPC to fund the website analysis facility for periods (£5K) March 2006 to June 2006, (£10k) July to June 2007. BPC council to consider the on-going funding of BPC web based Benchmarking facility based on a recommendation to be submitted in January 2007. (£10k). Options for future funding include seeking ADS grant funding consistent with the Food Chain Centre approach used by other Levy Board, continue with BPC full or partial funding or generate a User Pay system. BPC presentations have indicated that the BPC will provide initial funding to promote Grower Groups.

- ✓ The BPC "web based" Benchmarking system is now operating effectively, all data sharing links have been tested and proven, a number of enhancements are planned for release in July 2007
 - Additional security links that verify users against their BPC registration profile.
 - Data fields to allow for selection filtering by Soil type and Irrigation
 - Updated comparative data to recognise changes in key variable cost elements.

A revised CD will be available to compliment the automatic web based update facility.

ADS grant funding has been achieved and will allow growers the flexibility to participate in benchmarking studies plus tailored training programmes designed to maximise potential improvements in their potato enterprises.

Activity 10.3.2 BPC Benchmark is an essential element to drive Industry change in line with the strategy of "Being more Competitive", the model will allow Growers to:

Understand their Costs

Make investment decisions based on viable returns

Create a dialogue to promote changes in current practice.

Continue rollout of benchmarking tool consistent with Seed sector and Model Version 8 launch in March 2006. Sector Targets to be completed by March 2007. Growers involved with the BPC model 700 Fresh, 600 Processing. Data Share Groups. 250 Fresh, 350 Processing active. Introduce Best Practice training programme into Data Share group environment consistent with 10.3.4. Available to all active groups of a minimum of 6 members.

Progress against Corporate and Business Plans

⌚ The BPC Benchmarking service has had widespread exposure to levy payers via workshops across the country. We estimate that in excess of 1100 growers have been exposed to the system, CD-rom based models have been provided to allow for confidential costing comparisons. The emphasis of the programme has moved to concentrate on the development of Grower groups who share data, then conduct business improvement sessions via the ADS grant funded programme. To date we have 12 groups at various stages of development and plan to commence the first of our formal training sessions in October 2007.

Activity 10.3.3 Utilise FCC "Masterclass" analysis to establish Best Practice scenario for rollout into each sector Priority for processing sector assuming that a clear direction emerges from the Masterclass analysis. Proposal to be developed and presented to Council by January 2007 Action thereafter as appropriate (budget in 2006/07 financial year).

✓ The Food Chain Centre has sponsored the use of the "Masterclass" business improvement tool within Colin Bradley's farm operation. The study was completed in early 2007 and the report is due for publication in July 2007. A meeting was facilitated between McCain Foods and the Food Chain Centre to review opportunities for further collaboration. The Food Chain Centre is no longer able to offer sponsored activity, consequently the role of the BPC has changed to one of facilitating Industry understanding of completed projects and to advertise the commercial opportunities available to Industry.

Activity 10.3.4 BPC to administer Grower training programme, with costs recoverable via VTS funding. Develop Workshop Training opportunities with key providers to take Data diagnostics into Best Practice processes. Involve Food Chain Centre and other Levy Boards to develop a pool of facilitation resources available for Grower Groups.

✘ The BPC VTS grant funding application was rejected. Changes to the funding system created the opportunity for a subsequent ADS grant application which proved successful. Training programmes under the ADS funded programme have commenced.

Action Plan 11

Continued industry access to affordable water.

Action 11.5 Conducting Research and Development to fill gaps.

Activity 11.5.4 Modified for 2006/07. Identify and exploit the synergies from the commissioned projects on bruising and tuber water status in relation to soil moisture and water use by holding joint project meeting involving researchers and industry partners. Information from the projects to be available for the water and soils management KT campaigns.

✓ Information delivered at BPC Soils Forum and at subsequent project review meeting (Feb 07) with results delivered to KT team for use in campaigns.

Action 11.6 Improving Management of Common Scab.

Activity 11.6.1 Carry out the first year of the new R&D LINK project on improving management of common scab, with appropriate monitoring and reporting to the R&D committee.

✓ Active participation by four industry partners in LINK project that is establishing recommendations for Common Scab management. Monitoring and reports to RDC as planned.

Action Plan 12

Increased usage of good quality seed by GB growers, measured by a reduction in imports.

Action 12.1 Promote membership of Safe Haven Certification Scheme.

Activity 12.1.1 Most effective route to extensive seed industry sign up will be through large seed companies encouraging sign up across their grower base. The target for sign up will be 300 seed growers, 75% of the industry, by summer 2007.

⌚ 140 growers have already submitted applications to join the scheme. The majority of these have been audited and are now full members. This represents 35% of the seed industry by number but represents 50% of the seed industry by area. The Safe Haven Scheme Membership list is now available for access on www.assuredproduce.co.uk

Activity 12.1.2 Continued liaison with industry bodies and government to ensure the cross industry support and buy-in for Safe Haven Certification Scheme. Involve industry representative bodies in scheme roll-out.

✓ All industry representative bodies and relevant government departments are publicly supportive of the Safe Haven Scheme. Leading government scientific bodies, CSL and SCRI are involved on the scheme technical advisory committee. CSL and SCRI have strongly advocated the benefits of the scheme in relation to *Erwinia Chrysanthemii* as well as Bacterial Ring Rot in a recent report commissioned by the BPC. The technical advisory committee for Assured Produce have agreed to include a recommendation for the use of SH seed in their next standards review.

Activity 12.1.3 Following initial roll out of the Safe Haven Certification Scheme develop plan for the promotion of the benefits of the scheme to ware growers, retailers and processors. This will initially be carried out through supply chain contacts. A face to face presentation of the benefits of the scheme must be provided to each major packer and processor.

✓ Meetings have been held with several major packers and processors to promote the benefit of the scheme to their businesses. One major company is already insisting on 100% Safe Haven seed use by their growers. The scheme has also been promoted at grower meetings with St Nicholas Court Farms, AKP and at the West Midlands Potato Day these covered over three hundred growers.

Action 12.2 Raise awareness of the benefits to the ware industry of using GB Safe Haven accredited seed.

Activity 12.2.1 Support government initiatives to increase monitoring of the health status of all potatoes for planting. In conjunction with government representatives develop a communication plan highlighting the reasons for increased monitoring and the benefits of clean seed use.

- ✓ A letter was been sent to the Scottish Executive requesting that new legislation requiring the testing for PCN of all land where farm saved seed is to be produced be introduced ASAP. A meeting was held on the 20th October between BPC, BPTA, NFU and Defra to discuss possible areas for simplification of seed potato regulations. A cross industry consultation on 'Better regulation in plant varieties, seeds and seed potatoes' was carried out and the BPC was fully active in all surrounding discussions and subsequently submitted a written response.

Activity 12.2.2 Investigate reasons for continued use of imported and farm saved seed. This will initially be done by targeted meetings with the largest growers involved in this practice.

- ✗ Due to completely different trading conditions this season this activity ceased to be a priority and so was cancelled, as agreed by the sector (SSG).

Activity 12.2.3 Commission report on Erwinia chrysanthemi. Establish level of threat or opportunity posed by this organism to the GB industry and together with KT and R&D teams create strategy for management of this issue.

- ✓ This report was completed published on the BPC website and a summary distributed to all levy payers as a grower advice sheet. The key findings have also been presented at a number of grower workshops.

Action 12.3 Undertake specific industry events and activities that bring seed supply chains together.

Activity 12.3.1 Potatoes in Practice. To take a key role in the organisation of PiP, to increase attendance year on year, maximize commercial buy-in and to ensure that BPC messages are effectively communicated at the 2006 event. New Seed and Export Supply Chain Executive role to develop plan with the other contributors to ensure the event attracts the widest possible audience. Also to ensure the results from featured trials are communicated to all relevant levy payers. Review the possibility for connected events to promote seed – ware supply chain communications.

- ✓ Potatoes in Practice was held in Dundee on 10th August 2006. The event attracted a record attendance of 530. 130 of these were growers.

Activity 12.3.3 Seed Industry Event. Organise Seed Industry Event 2006 in the best format to meet the needs of the industry and reduce unnecessary financial burden on the BPC. Ensure that all key messages from the event are communicated to the wider industry. Ensure maximum benefit from speakers and to attract a wider audience to future events. Target year on year attendance of 200 with an increasing proportion of growers.

- ✓ This event was held at Crieff Hydro Hotel on the 2nd and 3rd November 2006. Attendance at this event was 195 (slightly lower than target of 200). 50 of these were growers. All the presentations given at the event are available on www.potato.org.uk/seedevent.

Activity 12.3.5 Develop online variety database and attached industry info into a valuable resource for the industry. Update all new varieties national listed since 2000 book printing. Develop a promotion and distribution plan for the launch of the completed database both to domestic markets and overseas.

- ✓ A new database has now been developed between BPC and SASA. This currently holds data on 86 varieties and this will be constantly expanded until all varieties grown in the UK are included. The database is now the principle vehicle for the distribution of information generated from the BPC independent variety trials. Phase 2 of the development is now underway and this will include translation into several languages and distribution and promotion.

Action Plan 13

Liaise regularly between export trade representatives and government officials both in the UK and overseas markets to ensure trade representation wherever appropriate. Ensure that trade representatives have adequate input into negotiations with overseas markets.

Action 13.1 In consultation with the GB seed industry and Government Plant Health departments create market development strategy for each of the agreed target markets. Identify non-phytosanitary barriers such as language, political, financial, agronomic and physiological. Assess the size and potential of the market versus the resource required to overcome the barrier.

Activity 13.1.1 Continue information, gathering process on target markets through desk research and foreign office services. Communicate all information gathered to exporters and create database on BPC website with limited access.

- ✓ Specific target market reports were completed for 9 target markets. All reports have been sent out to all BPC registered exporters and have been posted on the BPC website for restricted levy payer and exporter access. Specific market information has also been collected for Russia to support the activities being carried out by BPC and exporters around Potato Russia 2007.

Activity 13.1.2 Where appropriate visit target countries to continue information gathering process and make direct contacts. Where possible representatives of exporting companies should be encouraged to be involved in these visits.

- ✓ A visit to Russia to meet with the authors of the target market report and with the organisers of Potato Russia 2007 was carried out in February 2007. The purpose of this mission was to establish the potential for increasing exports to Russia and to decide how to obtain maximum benefit from Potato Russia 2007.

Action 13.2 Liaise regularly between export trade representatives and Government officials both in the UK and overseas markets to ensure trade representation wherever appropriate.

Activity 13.2.1 In liaison with Government officials and overseas posts identify relevant officials in agreed target countries. Ensure appropriate recording of these in contacts database.

- ✓ Meetings were held on the 11th - 14th September 2006 with a number of Moroccan official and commercial contacts. The Moroccans requested that this be the start of more regular contact between GB and Morocco. A similar mission to Egypt is currently being planned following requests from a number of major exporters.
A protocol has now been signed for the export of British potato minitubers to China. This is a major step forward in the process of opening the Chinese market but the BPC is continuing to push negotiations for a protocol on field grown seed.

Activity 13.2.2 Wherever an issue arises in an overseas market that requires independent trade representation ensure that this is provided as quickly as possible by a relevant member of BPC staff or commissioned consultant. Ensure that the person involved consults thoroughly with the relevant trade contacts and is as well briefed as possible to resolve the issue.

- ✓ A visit to Thailand was carried out from the 25th - 28th July 2006 by representatives from the BPC and SASA. The visit was successful and a new procedure for inspection of GB seed consignments by Thai port officials was agreed. A visit to Morocco was carried out from the 11th - 14th September 2006 by representatives from the BPC and SASA.

Activity 13.2.3 Agree with exporters at the start of the year two target countries for inward missions. Keep funding back for one mission per year where an issue arises during the season. Ensure the outcome of missions is communicated to all relevant exporters.

Progress against Corporate and Business Plans

- ✓ Moroccan plant health officials visited the UK in January 2007. These visitors were shown a number of government and commercial facilities in the seed potato industry before holding discussions with the Scottish Executive on the future of seed exports to Morocco. Chinese officials will travel to the UK in June 2007 to conduct inspections of mini-tuber production facilities and to continue negotiations for the export of field grown GB seed.

Action 13.3 Identify non-phytosanitary barriers such as language, political, financial, agronomic and physiological. Assess the size and potential of the market versus the resource required to overcome the barrier. Where appropriate, develop a programme to address the specific barrier(s) (see 13.1).

Activity 13.3.1 Create a strategy for communication of the benefits of GB seed to overseas markets utilising BPC website, World Service, The Variety Database and overseas publications. Obtain buy in for this strategy from major exporters and implement.

- ✓ The export pages of the BPC website and the variety database have been fully updated. These have both been designed to provide an information resource and marketing tool available to all GB exporters and easily accessible to all overseas customers as a first port of call when researching their seed requirements. The BPC export publication called World Service has been redeveloped, see 13.3.3 below.

Activity 13.3.2 In agreement with exporters develop plan of which trade events would provide the greatest benefit of from BPC coordinated British Trade areas. Organise trade areas at at least one major international trade event per year. Potato Europe for 2006. Ensure the participation of as many GB exporting companies as possible.

- ✓ A BPC trade pavilion was successfully organised at Potato Europe 2006 6th -7th September in Hanover. 10 British companies were involved including Greenvale, Branston and MBMG. All those involved said they were very happy with the show, which was attended by 7300 people. A British pavilion will also be a major part of Potato Russia 2007 and 14 British companies have signed up to be involved.

Activity 13.3.3 Develop and expand the new electronic World Service. Create greater opportunities for exporter input to the content of the publication World service should be produced on an as required basis to promote particular developments or GB representation at overseas trade shows.

- ✓ The BPC export publication called World Service has been redeveloped as an email service and the first issue is currently being translated into French, Spanish, Arabic and Russian. The purpose of this publication will be to proactively highlight developments in BPC seed exports, to guide overseas customers towards the export pages mentioned above and inform overseas customers of British presence at overseas events and missions.

Action 13.5 Greater cohesion within seed export supply chain to provide more sustainable returns to growers of seed for export.

Activity 13.5.1 Arrange a regular forum for meeting between principle seed exporters and growers.

- ✗ A significant improvement in export trading conditions and in relations between growers and exporters and between exporting companies meant that this activity was not required at the moment, as agreed by Seed Sectoral Group (SSG).

Activity 13.5.2 Provide independent support to these meetings and where it is appropriate and BPC involvement can provide genuine benefit for seed growing levy payers carry out any projects agreed by this forum.

- ✗ A significant improvement in export trading conditions and in relations between growers and exporters and between exporting companies meant that this activity was not required at the moment, as agreed by Seed Sectoral Group (SSG).

Action Plan 14

Development and communication of data to improve industry understanding of purchasing criteria in the food service sector (as a foundation for maximising usage of potatoes on food service menus).

Action 14.2 Interpret and communicate research findings and industry opportunities.

Activity 14.2.2 Profit sector.

- Identify and fill in knowledge gaps about the processed sector and develop a series of statements that can be used amongst the media that defends potatoes within this market
- Develop www.potatoesforcaterers.co.uk to be more interactive i.e. chat room for chefs and feature a minimum of 5 case studies
- Manage and execute Great Potato Challenge 2 across different sectors and increase levy payer involvement
- Develop potato recipes that can be easily repeated and used by chefs and caterers
- To undertake a trade PR plan for the BQCC initiative that raises awareness amongst merchants and fish-fryers that highlights its benefits and the key message that "the BQCC aims to maintain demand for fresh British potatoes and ensures a better return for merchants and growers". Aim to secure coverage at least 4 times a year in the three main fish fryers titles (NFFF magazine, FCFF and FFR) plus relevant trade press. Maximise opportunities to promote the scheme through other key stakeholders i.e. Seafish.
- ✓ A questionnaire written to understand the processed sector was written and trialled with industry. The supply chain attempted to complete the questionnaire with key processor contacts; results were poor.
- ✗ Development of the website, including case studies, was put on hold due to staff shortages but this website maintains good visitor numbers.
- ✓ The Great Potato Challenge 2007 has once again proved a successful project, with the final batch of presswork currently taking place. It has been well received by levy payers, who have distributed hundreds of flyers, added details of the challenge onto their website and emailed out details to their contacts. Looking forward, 2 of the largest foodservice companies have expressed an interest in getting involved in the challenge next year. The challenge was extended with a new category for catering colleges. This has proved particularly successful and has been the start of building a relationship with this group. Restaurants were also allowed to participate this year as part of the pub category. There was over 3 times the number of entries compared to 2006. The project is a platform to communicate foodservice messages and has resulted in high levels of press and radio coverage in foodservice, regional and farming media achieving an AEV of c. £63k.
- ✓ Michelin starred chef, Andrew Pern, was commissioned to create 12 seasonal recipes. They have already been featured in presswork and on www.potatoesforcaterers.co.uk. They have been well received by some of the largest foodservice companies, some of whom have used them in their publications.
- ✗ The BQCC work is on hold due to market conditions.

Activity 14.2.3 School Meals sector.

- Undertake 5 school kitchen visits aimed at understanding issues and requirements by school caterers/canteens that can be communicated back to the industry
- Develop and action a plan that launches jacket potato bars in secondary schools and communicate opportunities for levy payers involvement
- Develop and publish 5 case studies of schools that have taken part in a school canteen potato day following the success of the BPC potato day pack sent to 1,300 schools in 05/06
- Work with Defra to ensure that developments within Defra's PSFPI are regularly communicated to levy payers
- Develop potato recipes that can be easily repeated and used by school canteens

- ✓ School kitchen visits completed. Research results from this activity also encompassed Local Authority and private catering company decision makers for both menu planning and ingredients procurement. Results communicated to key school meal contacts. This research was extended to cover research into the affect of proposed nutritional guidelines on menu planning and will be used to feed back to the industry on the benefits of the guidelines for potatoes.

Jacket Potato bar pack launched to caterers and levy payers. Over 3000 packs requested to date. New flyer created to promote the pack – over 7000 distributed. Packs have been requested by major foodservice suppliers, school catering companies, levy payers and individual schools.

Two case studies have been completed and a third is being progressed; others on hold due to staff shortages. The completed case studies have been used in presswork and communicated to industry.

PFSPFI information revised and posted on BPC website. Sustainable procurement fact sheet promoted via levy payer postcards.

Potato recipes for school meals completed and new photography created. These were used to update the Potato Day pack and have been incorporated into a new 2-week menu plan for school meals. The new menu plans have been communicated to key school meal contacts.

Action Plan 15

The industry responds to changing consumer demands through uptake of BPC research.

Action 15.2 Encourage the industry to respond by:

- a) regular communication of information;
- b) identification and communication of new market concepts (NPD/merchandising etc) that address opportunity areas;
- c) identification and communication of examples of "best practice" from inside and outside the potato industry.

Activity 15.2.1 To ensure the retail supply chain maximises opportunities for potatoes by linking into BPC benefit led PR campaigns by developing a regular form of communication, this to also act as a catalyst for industry to respond effectively to BPC consumer research.

- ✓ A 'Retail Promotions Guide' was produced which brings together all of the research, resources, advice and case studies available to retail packers. This is updated regularly with latest campaign activities, health messages and opportunities to use BPC led health messages. Various communications with retail packers (meetings, presentations, e-mails, letters, BPC publications, etc.) have been used to promote tools, resources and messages. Results this year have been excellent with on-pack health messaging introduced onto standard packaging in all top 5 retailers. Similarly leaflets promoting health messages put into 3 large supermarket groups and campaign specific on-pack stickers and leaflets introduced for Chip Week.

Action Plan 16

Integrated PR and promotional activity, created by the BPC and built upon by industry, which is based on key consumer drivers and increases usage. When faced with a major issue likely to affect usage, the interested parties are briefed, and consulted.

Action 16.1 Execute PR campaigns with core messages based on research. Maximise consumer exposure created through PR and support with complementary industry and retail activities.

Activity 16.1.4 Develop and execute tangible benefit led PR campaigns aimed at increasing consumer's meal repertoire by one potato meal a week. Campaigns to be based on key life stages and draws on key health and convenience messages derived from BPC consumer research. The focus for 06/07 is to increase awareness of potatoes being low in fat and calories. Awareness is currently high that people think they are fattening so aim to reduce these figures by 10%. Campaigns to be implemented using a variety of tactics i.e. spokespeople/influencers, celebrities, websites, road shows etc.

- ✓ Summer Health Campaign ran June to August 2006, using the platform 'Help Me To Be Healthy' for key messages on health, convenience and taste. 241 pieces of coverage achieved, 95% positive, remainder neutral, cumulative audience 43 million, £150k investment, coverage worth £702,000.

Autumn Health Campaign ran October to December 2006; using the platform 'FACT not FICTION' for key messages on health, convenience and taste. Circa 125 pieces of coverage achieved, 96% positive, remainder neutral, cumulative audience 73 million, £150k investment, coverage worth more than £800,000.

Health awareness research figures conducted mid Autumn campaign showed 83% of people think potatoes are healthy (up four percentage points); 84% of people think fresh potatoes are important to a healthy diet (up four percentage points); with the most recalled message being that potatoes form "part of a healthy diet", up 10% from 19% to 29%.

Activity 16.1.5 Implement a comprehensive evaluation programme that analyses each benefit led PR campaign including; i) quantitative and qualitative analysis of press coverage including volume, audience, aev, tone of coverage and ii) consumer awareness figures that monitors shifts in consumer awareness 4 times a year.

- ✓ Evaluation of campaigns completed including Summer and Autumn Health Campaigns, the Great Potato Challenge (Foodservice) and National Chip Week. Consumer awareness research completed. (See activity results in sections 14.2.2, 16.1.4 and 16.1.2.)

Progress against Corporate and Business Plans

- Activity 16.1.6 Develop and carry out agricultural trade PR plans that aims to increase levy payer awareness of consumer activity**
✓ All consumer campaigns have been promoted to levy payers and particular target groups through agricultural trade PR activity.
- Activity 16.1.12 Carry out National chip week 07 that focuses on raising the profile of chips through extensive consumer PR and media activity that i) increases awareness amongst an extra 3m consumers seeing and hearing positive messages about chips and NCW ii) that specifically drives chip sales in fish and chip shops via a bespoke promotion in 800 chip shops.**
✓ The BPC's 16th annual National Chip Week enjoyed phenomenal success, with activity and celebrations taking place up and down the country. 5 world record attempts successfully completed, 800 fish and chip shops took part in the popular scratch card promotion, a survey was undertaken to understand the nation's favourite treasures that was used as the inspiration to create 'Chip Art', over 500 lorry stickers were requested for use by industry and a brand new website launched, that highlighted new health facts about chips.
Key successes
- An advertising equivalent value (AEV) of media coverage of £2.87m up from £2.75m last year.
 - 540 press, broadcast and internet features reaching an audience of 138 million – potentially reaching every UK citizen over two times!
 - The website had nearly 16,700 visitors in February (up from 12k visits in the same period last year) – a massive 35% increase.
 - Coverage included the Daily Star, Sunday People and the Times, as well as on BBC Radio 2 and ITV's daytime programme Loose Women and Channel 4's Richard and Judy.
 - Stickers on potato bags in Asda stores along with leaflets presented to consumers by store greeters.
 - Great industry involvement in the world record attempts including McCain for the 'Most servings of chips in an hour', Colin Bradley Potatoes for the 'Largest Chip Butty'.
 - A post campaign survey with chip shops showed that 92% of participants were more than satisfied with the promotional campaign, with 64% indicating an increase in chip sales of up to 45%.
- Activity 16.1.12 To identify and fill in knowledge gaps for the chip shop sector, using stakeholders as a primary source.**
✓ Data sourced free of charge from industry contacts.
- Activity 16.1.14 Communicate TNS retail information and general retail info, consumer trends etc to retailers and their supply chains through BPC retail report (12 a year) that provides timely and up to date industry info.**
✓ Retail Reports produced as planned. TNS data has also been used to highlight effectiveness of different retail promotions.
- Activity 16.1.15 To maintain and evolve www.potatoesforschools.co.uk in time to re-launch with Grow Your Own Potatoes (GYOP).**
✓ New web agency appointed and site re-designed. All content has been reviewed by a teacher panel and re-written in conjunction with Farming and Countryside Education (FACE), education experts. Feedback from the site has been very positive. The updated website is easier to use, has great new teacher's resources-including new white board presentations -as well as updated games and children's activities. Average unique visitor numbers are now around 6200 per month (Feb-May 07).
- Activity 16.1.15 To work collaboratively with other levy boards and the BNF to maintain and evolve the joint healthy eating website (www.foodfactoflife.co.uk).**
✓ Involvement in the activity is continuing. A number of improvements and resources added including recipes, video demonstrations for cooking lessons, new healthy eating games and interactive white board presentations. Communication resources to schools also improved including e-newsletter, pod casts and web casts that have been used to assist in promoting BPC projects such as Grow Your Own and School Meal resources. The website now has over 27k visits per month with 67,352 downloads per month (including interactive activities) and over 10,600 teachers registered for the e-mail updates.
- Activity 16.1.15 Organizing and executing a 'Grow Your Own Potato 07' competition within 1600 schools and ensure PR opportunities are maximised along the way. To develop packs for levy payers who talk direct to children.**
✓ Nearly 4 times the number of schools registered for the project this year to just under 4000, up from 1100 schools in 2006.
A new farmers pack has been produced which gives farmers visiting schools, tips and techniques to present to children and a power point presentation they can use which has been designed to meet the requirements of the national curriculum.
Levy payers have supported this activity through a range of activities including recruiting schools, visiting schools and talking about how potatoes grow, supplying seed potatoes, store visits and so on.
Chris Collins, the Blue Peter gardener, has been involved in the project this year and provided tips for the website, launched the competition to press at an inner London school and helped close the competition at a school in Norfolk. Chris did more than 20 radio interviews, various press interviews and 1 TV piece. Coverage for the project has been excellent and will be analysed in August 2007.

Action 16.2 Maintain an ongoing issues management programme.

- Activity 16.2.1 Manage the issues management programme to ensure consistency of message (across all BPC and relevant industry organisations including liaison with government and other bodies as necessary).**
✓ Dealt with on a case-by-case basis using approved Issues Management Strategy. Issues handled include potato prices (for chips), GM field trials (GB), GM Commercial (EU) and packaging. Communications put in place in advance for anticipated issues. Ongoing work on issues management included collaboration with industry bodies and the building international networks for early warning of emerging issues.

Action Plan 17

Beneficial adoption of cross compliance measures for soils.

Action 17.1 Raise awareness of new legislation and develop and promote best practice.

- Activity 17.1.1 Continue current campaign. Specifically have undertaken 40 soils workshops with supply chains and grower groups by September 2006.**
✓ In 2006 over 900 attended BPC soils events. These events covered policy development, delivery and consequences specific to potato production, best practice soil management for yield and quality management along with practical "soil pit" and soil type recognition exercises. Events were received very well, scoring averages of 4.5 for relevance to business and 4.4 for satisfaction (where 1=poor and 5=excellent) Independent telephone surveys revealed: 80% found messages relevant and practical, 40%

have or will undertake new practices for both production and compliance related reasons.

Activity 17.1.1 Take the lead role with the Applied Research Forum KT group, Develop a proposal (Jul 06) that addresses cross sector and sector specific needs to meet compliance regulation and identifies possible production benefits from better soil management. Plan to be approved by ARF and actioned thereafter.

- ✓ Based on a report for the Applied Research Forum prepared by Newcastle University (Palmer et al (2006) Improved knowledge transfer for better soil management), ARF approved recommendations to share existing levy body owned training resources and relevant reports, develop a national web-hub providing information on soil management resources (research, training, consultancy and events), and develop cross sector, sector specific and problem specific case studies for best practice. The levy body owned training resources have been compiled and circulated. Other activities are c80% complete and are due to deliver through August and September 2007.

Action 17.2 Campaign that identifies and publicises compliance issues and provides practical potato-specific best practice.

Activity 17.2.1 Develop a campaign that identifies and publicises compliance issues and provides practical potato specific best practice that meets compliance regulation whilst identifying production benefits arising from best practice. Specifically Identify and inaugurate a potato compliance group that includes NFU, Government agencies, key supply chains and growers (Aug 06) Plot and publicise a timeline for policy change and implementation likely to affect potatoes (Oct 06) Identify synergies and overlaps with other organisations (FWAG, LEAF etc.) (Oct 06) Identify contributions to best practice from R&D Plan and action a communications plan (Nov 06 onwards).

- ✓ Stakeholders, including growers, agronomists, supply chain personnel, researchers, NFU, DEFRA and Natural England met in February 2007 to discuss regulatory issues, best practice for potato production and communication and R&D priorities. In particular discussions focussed around a new BPC report (Howsam & Knox (2007) Soil, water and other legislation: impacts on UK potato production), presentations from DEFRA on catchment sensitive farming and the role of CSFDI and research/communication needs. Based on agreed stakeholder priorities, new training modules on soil/water interactions and best practice for potato production have been delivered at 14 supply chain meetings and events (a number of which have been co sponsored by CSFDI, Natural England and the Environment Agency). Communication of the activity has included detailed reviews of Howsam and Knox (2007) achieving double-page policy-timeline features in Farmers Guardian and Crops Magazine.

Action Plan 18

Improved industry understanding of the factors influencing the nutritional and organoleptic qualities of potatoes and potato products to help improve consumer satisfaction.

Action 18.1 Collate information, identify gaps in knowledge and commission R&D to meet industry requirements to assist in their management and delivery of crops that meet consumer expectations.

Activity 18.1.2 Continuation of ongoing programme of R&D on tuber characteristics with appropriate monitoring against contract milestones and annual reporting. R246 Flavour characteristics of S pheruja (LINK) (moved from 5.2.1)

- 🕒 LINK project reviewed with industry partners and following staff changes a no-cost extension agreed to end Dec 07 to ensure evaluation of material is completed.

Activity 18.1.3 Undertake a review and collate information on field and storage factors affecting nutritional quality of potatoes and communicate existing knowledge to the industry.

- 🕒 Information assembled as part of project commissioning process. Requirement to collate and disseminate will be carried forward into next financial year.

Activity 18.1.4 Commission new R&D to address the gaps in knowledge identified as part of the R&D strategy review to in relation to management of field and storage factors that affect end user organoleptic qualities, in particular texture and flavour characteristics.

- ✓ Priority given to effect of store management systems on organoleptic qualities following SBEU review and project concept on effects of CO2 approved (May 07).

Activity 18.1.5 Support the development of practical molecular tools that will assist the GB industry in exploiting the strategic R&D supported by SEERAD (and possibly BBSRC, subject to submission of a successful CSI bid) on potato nutritional and organoleptic qualities.

- ✓ Initial BPC-supported bid to BBSRC unsuccessful (Nov 06), but a second proposal that will identify genes associated with quality traits was supported to provide synergy with Seerad funded strategic research and LINK projects at SCRI.

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Foreword to the accounts

The following accounts have been prepared in a form directed by Agriculture Ministers with the consent of H.M. Treasury in accordance with the Industrial Organisation and Development Act 1947 and are presented in group format to include the British Potato Council and Sutton Bridge Experimental Unit Ltd. The accounts cover the tenth year of the Council.

The Council maintains a designated reserve for redundancy costs sufficient to cover all staff. This, along with the General Reserve, means that in the event of a winding up the Council could cover its liabilities.

Going concern

In accordance with the DEFRA Levy Bodies Reform, on 31 March 2008 substantially all of the functions of BPC are expected to be transferred to the successor non-departmental public body and BPC will be abolished. As the functions will continue, it is appropriate to prepare the accounts on a going concern basis. All transfers of assets, rights and liabilities will be made at book value and consequently no adjustment is required to the value of assets and liabilities in the accounts.

Statutory background

The British Potato Council succeeded, under the Potato Industry Development Council Order 1997, the Potato Marketing Board on 1st July 1997. It has been subject to statutory review in both 2000 and 2005.

Levy collection

Growers levy

Levy collection for 2006/07, as at 30th June 2007, was 99% by value. Levy collection for the 1998/99, 1999/00, 2000/01, 2001/02, 2002/03, 2003/04, 2004/05 and 2005/06 years now stands at over 99% in each case.

Purchasers levy

Levy collection for 2006/07, as at 30th June 2007, was 91.2%. Levy collection for the 1998/99, 1999/00, 2000/01, 2001/02, 2002/03, 2003/04, 2004/05 and 2005/06 years now stands at over 99% in each case.

Cost reduction

Cost reduction, particularly of internal support functions, continues to be a major focus and the Council has planning systems and processes in place to enable it to deliver savings in the future in line with its financial strategy.

Pension arrangements

The defined contribution pension scheme of the Council provides employees with competitive benefits whilst having the advantage of allowing the Council to be fully aware of its financial commitments. The pension provider was originally the Equitable Life Assurance Society, but in view of the financial problems experienced by the Society, it was decided to move to a Group Personal Pension Scheme from 1st July 2001, the provider being AXA Sun Life. The Equitable Life Scheme was closed to new members and further contributions from the same date. This is now in the process of being wound up and members' benefits will be secured through a 'Section 32 Buyout'. The Potato Marketing Board defined benefit scheme has been wound up. During the financial year 2002/03 the Council made a

Financial results against budget

	2006/07 Budget (£000)	2006/07 Actual (£000)	2006/07 Variance (£000)
Growers levy	4,659	4,755	+96
Purchasers levy	1,191	1,119	-72
Other income	94	279	+185
Total income	5,944	6,153	+209
Expenditure	(6,181)	(6,463)	-282
Operating Deficit	(237)	(310)	-73
(Charge to) General Reserve			
(after investment income and tax)	(116)	(159)	-43

The budget, prepared for DEFRA, has income from services offset against expenditure. On a like for like basis actual expenditure would be £6,283K, a variance of £102K from budget.

payment to the trustees, under the terms of a Deed of Covenant which was transferred from the PMB, thus complying with their legal obligations in full.

Diversity and equal opportunities policy

The Council recognises its duty, under the Race Relations (Amendment) Act 2000, to promote race equality. It has a policy on diversity and equal opportunities and its premises are designed for disabled staff. Ethnicity is monitored using a model which is based on a classification produced by the Cabinet Office. Providing ethnic data is wholly voluntary.

A survey of employees carried out in 2002 had a response rate of 90%. The following figures for nationality were given: British or mixed British - 32.2%; English - 55.9%; Scottish - 10.1%; other - 1.8%. Of those responding, 96.5% described themselves as White, the remaining employees describing themselves as Asian and Black. A follow up survey will be carried out in August 2007, following the introduction of a new computerised personnel system.

The Council's aim is to increase the proportion of staff from minority groups, as follows: members of ethnic minorities 6%; people with disabilities 3% - within the context of appointing the best applicant for each job. We include the following statement in every recruitment advert, and in our briefs to agents: *The BPC is committed to valuing diversity and equal opportunities for all staff, and we welcome applications from all sections of the community. We will not discriminate on grounds of race, gender, ethnic origin, disability, age, sexual orientation, faith or any other factor irrelevant to a person's work.*

Communication to staff

The BPC has a code of openness and recognises the Prospect union (formerly IPMS) for bargaining purposes. There is a meeting timetable that encourages both departmental and cross-departmental communication.

Access to information

A register of members' interests is available for inspection by prior appointment with the Secretary. Information on the BPC's Code of Openness and Citizens Charter can be found on the BPC's website (www.potato.org.uk) or by contacting the Secretary.

Freedom of Information Act 2000 (FOIA)

The Council is bound by the terms of FOIA, and of the Environmental Information Regulations 2004. Publication Schemes have been accepted by the Information Commissioner. The Schemes and related documents, including our Information Asset Register, are posted on the BPC's website (www.potato.org.uk).

British Potato Council tenth year of operation

This is covered in the annual report.

Payment of suppliers

Payment terms for goods and services are strictly observed by the Council. There is in place within the accounting system a facility to accommodate various terms ranging from the standard term of 30 days from the date of the invoice to shorter periods.

SBEU Ltd

This wholly owned subsidiary of the Council has not traded since 1st July 1999 and all of its operations have been transferred over to the Council. See Note 14 to the accounts.

Auditors

The accounts of the Council are audited by the Comptroller and Auditor General in accordance with section 7 of the Industrial Organisation and Development Act 1947 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. Services are limited to the statutory audit and the fee for the audit work is £20,000. The sum of £3,000 has been paid to PricewaterhouseCoopers for the audit of SBEU Ltd. All relevant audit information has been provided to the BPC's auditors.

Risk

The Council invests in cash funds, monitoring comparable rates of interest in order to maximise funds. The Council is not exposed to liquidity or currency risks. The Council is exposed to credit risks, but the collection rate of 99%+ (see operational review) indicate that procedures are in place to deal with this. The Council is not exposed to price risk as the levy is set by Parliament.



David Walker
Chairman



Helen Priestley
Accounting Officer

25th February 2008

Report of the Council Members' responsibilities in respect of the accounts

In recognition of the wishes of the Council to comply as far as reasonably possible with company law in the preparation of these accounts the Council Members have agreed to the production of the following statement.

The Industrial Organisation and Development Act 1947 s.7(3) requires that the Council's accounts shall conform with the best commercial standards. Accordingly, Council Members are responsible for preparing accounts for each financial year which give a true and fair view of the Council's state of affairs and of its surplus or deficit and cash flow for the period.

In preparing these accounts, the Council Members have adopted a requirement to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Council will continue in business.

Council Members accept that they are responsible for keeping proper accounting records for the British Potato Council which disclose with reasonable accuracy at any time the financial position of the Council and enable them to ensure that the accounts comply with the Potato Industry Development Council Order 1997, the Industrial Organisation and Development Act 1947 and with the Companies Act 1985 as far as practicable. They are also responsible for safeguarding the assets of the Council and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Accounting Officer's responsibilities

In preparing the financial statements the Council is required to:

- Observe any accounts direction issued by the Ministers with responsibility for agriculture, including relevant accounting and disclosure requirements
- Apply suitable accounting policies on a consistent basis
- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent

- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Council will continue in operation.

The Accounting Officer for the Department for Environment, Food & Rural Affairs has

designated the Chief Executive as the Accounting Officer for the Council. Their relevant responsibilities as Accounting Officer, including their responsibility, in consultation with the devolved administrations, for the propriety and regularity of the finances of the Council for which they are answerable, and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum.

Disclosure of information to auditors

As far as the Accounting Officer is aware there is no relevant audit information of which the BPC's auditors are unaware. The Accounting Officer has taken all the steps (such as making enquiries of the auditors and other steps required by the duty to exercise due care, skill and diligence) that ought to have been taken to be aware of any relevant audit information and to establish that the BPC's auditors are aware of that information.

Statement on internal control

Internal control and performance management

The system of internal control is designed to manage rather than eliminate the risks of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of BPC policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them effectively and economically. This process has been in place in the BPC for the year ended 31 March 2007 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The system of internal control provides only reasonable but not absolute assurance that the assets of the BPC are safeguarded, transactions are authorised and properly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, and administrative procedures including, as far as possible, given that the BPC employs a small administrative staff, the segregation of duties and a system of delegation and accountability. In particular it includes:

- A management structure that clearly defines authority, responsibility and accountability;
- Staff performance appraisal scheme, designed to set objectives in line with the corporate plan deliverables;
- Budgeting systems with an annual budget which is reviewed by the Audit Committee and approved by the full Council;
- Regular reviews by the Audit Committee and the full Council of periodic and annual financial reports that indicate and explain financial and physical performance against budgets;

- Monitoring by the internal audit function on behalf of the Audit Committee in overseeing the work of the Chief Executive who has responsibility for the development and maintenance of the financial control framework;
- Monitoring by the Audit Committee in overseeing the work of the Chief Executive and other BPC officers who have responsibility for the development and maintenance of the financial control framework, and following up on recommendations made by internal audit regarding corporate governance and risk management and by the external auditors in their management letter;
- Setting targets to measure financial and other performance;
- Clearly defined capital and investment control guidelines;
- A strategy and policy for identifying and managing key risks;
- As far as practicable, given that the BPC employs a small administrative staff on efficiency grounds, the segregation of duties and a system of delegation and accountability.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the British Potato Council who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Council and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system

is in place. I have not been made aware of any significant weaknesses in internal control during the year.

The British Potato Council has an internal audit service which operates to standards defined in the Government Internal Standards Document. The work of the internal auditors concentrates on key activities in accordance with the annual internal audit plan, agreed by the Audit Committee, which takes into account identified areas of risk to the British Potato Council. The internal auditors report to the Head of Finance and IT and the Audit Committee on a regular basis, and have direct access to the Accounting Officer and the Audit Committee as required. The internal auditors have issued an Assurance Statement to me which provides the opinion that the Council can be reasonably assured that its systems provide the basis for enabling effective financial and management control.

The Audit Committee meets at least three times a year, and consists of Council Members and senior officers in attendance, with representatives from both external and internal auditors as required. The minutes of its meetings are reported to the Council.



Helen Priestley
Accounting Officer

25th February 2008

Remuneration report

The functions of a remuneration committee are carried out by the full Council, the membership of which is shown on page 16 of this report.

The BPC recognises the Prospect trade union, who submit a pay claim annually. This claim, along with the recommendations of the Directors, is discussed by the audit committee. The audit committee makes a recommendation to the full Council, who will approve the final award.

Bonus payments may be made in the event of performance that is significantly above the requirements of the post. Such payments require full justification from the line manager, and are approved by the Directors.

Remuneration policy

The BPC Chairman and the Council, composed entirely of non-executive members, are appointed by the Secretary of State for the Department for Environment, Food and Rural Affairs, the Scottish Ministers and the Minister for Rural Affairs, National Assembly for Wales. Council members and the Chairman are appointed for terms of three years, and are eligible for re-appointment; generally Council members can serve no more than two terms. In exceptional circumstances these terms may be extended, and the present Chairman and Council are in such a position where they have been requested to remain in office until 31 March 2008, when the new levy board structure will be put in place. Remuneration for Council members and the Chairman is approved by the Secretaries of State. Members are corporately responsible for the overall operation of the Council and the stewardship of its funds.

Council members do not receive remuneration but can claim an honorarium payment of £104.50 per day (£175 after March 2007) for meetings attended, or for work carried out solely on the Council's behalf. The amount of the honorarium is determined by the Department for Environment, Food and Rural Affairs after consultation with other ministerial departments. No pension contributions are paid for Council members.

The Chairman's remuneration is linked to Senior Civil Service pay bands and is adjusted pro-rata to reflect the number of days actually spent on BPC work. The BPC is advised annually of the salary by the Department for Environment, Food and Rural Affairs.

Council members and the Chairman are entitled to claim expenses for their work undertaken on behalf of the BPC. These are reimbursed at the same rate as that for employees of the BPC.

Details of remuneration, pension entitlements and benefits of the Chairman, Council members, and Chief Executive are set out in the next column.

Chairman and council members (audited)

The emoluments of the Chairman were £80,795 (2006: £88,632).

The following honoraria payments have been made to Council members:

	Total received 2006/07 £
J Bainbridge	1,597.20
Bradley C	1,501.10
R Doig	670.30
Harley D	990.60
Harris R	1,563.20
Harrison J	1,064.50
Leathwood B	915.80
Littleboy K	1,712.10
R Maddocks	848.70
J Rix	282.90
F Scott	673.70
Stephens A	606.60
N Twell	1,131.60
Vermont N	0.00
D Worth	781.60
	14,339.90

Policy on duration of contracts and notice periods and termination payments

Ministers have the right to terminate the appointment of any Council Member under the circumstances outlined in the second schedule of the PIDC order 1997 (as amended in 1997 and 2002). Council Members may resign by giving notice in writing to Ministers. There are no notice periods or termination payments.

Chief Executive (Audited)

The notice period for the Chief Executive is determined by the Council. The contract is terminable by either party, and requires 3 months notice. No termination payments apply.

The Chief Executive Officer, age 37, was appointed on 1st July 2002 on a permanent basis and is an ordinary member of the Council's pension and life assurance scheme. The Council's share of her pension contributions was £4,963. The gross emoluments of the Chief Executive were £108,202 (£73,787 in 2006) including benefits of £5,923 relating to a car, and £790 relating to health care. The remuneration for 2005/06 is lower due to a period of maternity leave.

The number of employees, other than the Chief Executive, earning in excess of £45,000 (excluding pension contributions) is:

Total remuneration of other staff:	Number
Between £75,000 and £79,999	2
Between £60,000 and £64,999	1
Between £55,000 and £59,999	2
Between £50,000 and £54,999	4
Between £45,000 and £49,999	2

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

I certify that I have audited the financial statements of the British Potato Council for the year ended 30 June 2007 under section 7 of the Industrial Organisation and Development Act 1947 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies), Order 2003. These comprise the Group Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the British Potato Council, the Chief Executive and Auditor

The British Potato Council and Chief Executive, as the Accounting Officer, are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with section 7 of the Industrial Organisation and Development Act 1947 and Ministerial directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Accounting Officer's responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with section 7 of the Industrial Organisation and Development Act 1947 and the Ministerial directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, within the Operational Review, and in the Foreword to the accounts is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the British Potato Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the British Potato Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the British Potato Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

My responsibilities do not extend to any other information.

Basis for audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the British Potato Council and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the British Potato Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the

authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with section 7 of the Industrial Organisation and Development Act 1947 and Ministerial directions made thereunder, of the state of the British Potato Council's affairs as at 30 June 2007 and of its deficit for the year then ended;
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with section 7 of the Industrial Organisation and Development Act 1947 and Ministerial directions made thereunder; and
- Information given in the Annual Report, within the Operational Review, and in the Foreword to the accounts is consistent with the financial statements.

Audit opinion on regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



T. J. Burr
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London
SW1W 9SP

29th February 2008

Group income and expenditure account

Year ended 30th June 2007

	Notes	2007 Total Activities £(000)	2006 Total Activities £(000)
Income			
Levy income - area levies	2	4,755	4,636
Levy income - tonnage levies	2	1,119	1,126
Other income		279	248
Total Income		6,153	6,010
Expenditure			
Research and Development		(1,866)	(1,647)
Knowledge Transfer		(929)	(972)
Marketing		(1,266)	(1,139)
Market Information		(475)	(647)
Export & Seed		(370)	(244)
Levy Collection		(389)	(372)
Personnel, Administration and Legal Services		(690)	(698)
Finance, Internal Audit and Information Technology		(478)	(434)
		(6,463)	(6,153)
Operating Deficit	7, 22	(310)	(143)
Investment income	3	200	173
(Deficit)/Surplus before tax		(110)	30
Tax	4	(49)	(38)
(Deficit) after tax		(159)	(8)
(Deficit) to General Reserve		(159)	(8)

The notional cost of capital of £112,000 has not been included in these accounts (see note 21).

All gains and losses relate to continuing activities

Statement of total recognised gains and losses	2007 Total Activities £(000)	2006 Total Activities £(000)
(Deficit)	(159)	(8)
Total recognised gains and losses since last annual report	(159)	(8)

There were no acquisitions or disposals of operations during the year

The notes on pages 49 to 55 form part of these accounts.

Balance sheet

At 30th June 2007

		GROUP	COUNCIL	GROUP	COUNCIL
		2007	2007	2006	2006
	Notes	£(000)	£(000)	£(000)	£(000)
TANGIBLE FIXED ASSETS	8	550	342	483	234
INVESTMENT IN SUTTON BRIDGE					
EXPERIMENTAL UNIT	14	-	208	-	249
TOTAL FIXED ASSETS		550	550	483	483
CURRENT ASSETS					
Debtors due within 1 year	9	618	618	665	665
Investments	10	1,623	1,623	1,544	1,544
Cash and money market deposits	10	2,177	2,177	2,333	2,333
Current assets		4,418	4,418	4,542	4,542
CURRENT LIABILITIES					
Creditors due within 1 year	11	(1,294)	(1,294)	(1,192)	(1,192)
NET CURRENT ASSETS		3,124	3,124	3,350	3,350
TOTAL ASSETS LESS CURRENT LIABILITIES		3,674	3,674	3,833	3,833
RESERVES					
General reserve	17	2,577	2,703	2,817	2,943
Designated reserve	17	971	971	890	890
Revaluation reserve	17	126	-	126	-
		3,674	3,674	3,833	3,833

The notes on pages 49 to 55 form part of these accounts.



David Walker
Chairman



Helen Priestley
Accounting Officer

25th February 2008

Group cash flow statement

Year ended 30th June 2007

	Notes	2007 £(000)	2007 £(000)	2006 £(000)	2006 £(000)
Net cash (outflow)/inflow from operating activities	22		(70)		126
Returns on investments and servicing of finance					
Interest received			201		173
Taxation			(49)		(29)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(194)		(64)	
Receipts from sales of tangible fixed assets		35	(159)	8	(56)
			(77)		214
Management of liquid resources					
Net movement in investments	24		31		(183)
(Decrease)/Increase in cash	23, 24		(46)		31

Notes to the accounts

1 ACCOUNTING POLICIES

Accounting convention

These accounts are prepared in accordance with best commercial practice which includes complying with the Statements of Standard Accounting Practice, the Financial Reporting Standards issued by the Accounting Standards Board and, although it is not a company, where appropriate, the provisions of the Companies Act 1985. These accounts are prepared under the historical cost convention, except for the revaluation of freehold land, on a going concern basis and on accruals principles.

Basis of preparation of Group Financial Statements

The Group Financial Statements consolidate the Financial Statements of the Council and its subsidiary, Sutton Bridge Experimental Unit Limited, using the acquisition method.

Depreciation of fixed assets

The provision for depreciation on assets is calculated on the costs of fixed assets in order to write off such costs over the estimated useful lives of the assets by equal instalments. The expected lives have been reviewed as follows (unchanged from 2005/06):

Freehold buildings	10 - 50 years
Leasehold buildings	Life of the lease
Computer equipment	3 years
Furniture, fittings and office equipment	5 years
Plant and machinery	3 - 10 years
Vehicles	3 - 5 years

Freehold land is not depreciated.

The Land at Sutton Bridge is revalued every four years at current market value. It was last revalued by professional valuers on the basis of open market value for existing use in August 2005.

Stocks

Stocks are charged to income and expenditure in year of purchase.

Investment income

Interest receivable and investment income are accounted for on an accruals basis.

Liquid resources

The current asset investment comprising the money market deposit is included as a liquid resource for the purpose of the cash flow statement.

Research & development

Research and development expenditure is charged to the income and expenditure account except costs relating to certain equipment and storage facilities which are accounted for as fixed assets. Such costs are accounted for on an accruals basis.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

Pensions

The Council operates a Group Personal Pension Scheme for all staff. Employees contribute a fixed amount of 3.5% of salary and the Council a percentage of the employee's salary which is age related but equates to an average contribution of 9%. The final pension for the employee is not salary related but based on the value of the employee's fund at retirement.

Contributions payable to the scheme are charged to the income and expenditure account in the period to which they relate.

Reserves

General reserve:

This is to be used to fund the costs should the British Potato Council be wound up so that no costs fall to the public purse.

Designated reserve:

This is to be used to fund the staff redundancy costs in the event of the winding up of the British Potato Council.

Revaluation reserve:

This represents the estimated value of the land at Sutton Bridge over and above the original purchase price.

Taxation

The BPC is exempt from corporation tax on its activities, as they do not constitute a trade. Taxation is payable on any investment returns and rentals received. Taxation is provided for in full, and as the group does not incur corporation tax on its activities no deferred tax is recognised.

Financial Instruments

Financial assets and liabilities are measured at cost. Financial assets and liabilities are only offset when the Council:

- has a legally enforceable right to set off the recognised amounts; and
- it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debtors

Provision is made for all debts more than 12 months old.

Commitments

The Council has ongoing commitments for future R&D contracts (see note 13). These are not provided for in the accounts as they are capable of being withdrawn.

Income

Under the Potato Industry Development Council Order 1997, the Council is empowered to register producers and purchasers of potatoes. Potato producers are required to declare plantings and pay a levy on the hectareage planted. Purchasers are required to submit monthly returns of potatoes purchased and pay a levy on the tonnage so bought. Potato producers are billed for payment, due on 1st December, in October of the crop year and purchasers are billed quarterly in arrears e.g. for the tonnage purchased in the 3 months ended 30th September bills will be issued in late November, due for payment on 31st December. The Council submits for the approval of Ministers the levy rates which they wish to apply on area and on tonnage and the rates approved for the 2006 crop year were £39 per hectare and 17p per tonne if paid by the due date. Higher rates, reflecting the additional costs of collection, of £44 per hectare and 19p per tonne were approved for payments received after the due date. Interest is charged on overdue accounts on a daily basis at the London Interbank Offer Rate plus 1%. Levy income is presented at the rates paid by the levy payer.

Financial report and accounts

2 LEVY INCOME

	2007	2006
AREA LEVY	£(000)	£(000)
Annual Levy	4,753	4,633
Interest on delayed contributions	2	3
	4,755	4,636

	2007	2006
TONNAGE LEVY	£(000)	£(000)
Annual Levy	1,119	1,126

3 INVESTMENT INCOME

	2007	2006
	£(000)	£(000)
Interest on money market deposits	200	173

4 TAXATION

Tax on ordinary activities

	2007	2006
	£(000)	£(000)
Corporation tax on interest income	38	34
Corporation tax on letting income	11	4
Current Tax	49	38

Taxation for the year based on operating deficit before taxation adjusted for tax purposes at 19% (2006 19%).

	2007	2006
	£(000)	£(000)
(Deficit)/surplus before tax at the UK Corporation Tax rate of 19%	(23)	6
Effect of non-taxable items (Note 1)	(26)	(44)
Taxation for the year based on operating deficit before taxation adjusted for tax purposes at 19% (2006: 19%)	(49)	(38)

Tax reconciliation

The tax charge incurred on the BPC's deficit for the year is different from the standard UK Corporation Tax rate for small companies of 19% as explained in Note 1.

5 COUNCIL MEMBERS

	2007	2006
	£	£
Expenditure, relating to meetings, which includes £104.50 (£175 after March 2007) honorarium per member for meetings attended, and all other expenses such as room hire etc. The Council Members did not receive any other emoluments. The Council held 19 formal meetings of full council and committees (22 in the previous year).	49,382	51,568
Remuneration and taxable benefits of the Chairman D.F. Walker	80,795	88,632

For 6 months during 2005/2006, the Chairman was contracted by the BPC to work 5 days per week instead of the usual 3 days per week. The remuneration level paid to the Chairman has been determined by the Ministers and the honoraria paid to Council Members approved by Ministers.

6 EMPLOYEES

	2006/07	2005/06
(a) Average number of employees by activity during the year		
Marketing and communications	17	18
Research and development and market information	5	5
Management, personnel and registration	12	13
Finance, internal audit and information technology	7	7
Sutton Bridge Experimental Unit	8	8
	<u>49</u>	<u>51</u>

The 2006/07 staff numbers include 5 part-time staff members (5 in 2005/06).

	2007 £(000)	2006 £(000)
(b) Employment costs		
Wages and salaries	1,630	1,571
Social security costs	177	169
Other pension costs	163	143
	<u>1,970</u>	<u>1,883</u>

7 OPERATING DEFICIT

The operating deficit is arrived at after charging:	2007 £(000)	2006 £(000)
Audit Fees		
- BPC	20	19
- SBEU	3	2
Depreciation	105	99
Operating Lease Rentals - Plant & Machinery	36	27
- Other	169	169
Profit on disposal of fixed assets	14	7

The audit fee for SBEU Ltd is paid for by the BPC as sole shareholder.

Financial report and accounts

8 GROUP TANGIBLE FIXED ASSETS

	Freehold land and buildings £(000)	Short leasehold buildings £(000)	Computers, furniture, fittings and office equipment £(000)	Plant equipment and vehicles £(000)	Total £(000)
Cost or Valuation					
As at 1 July 2006	508	311	195	1,027	2,041
Additions during the year	-	-	6	188	194
Disposals during the year	-	-	(27)	(97)	(124)
As at 30 June 2007	508	311	174	1,118	2,111
Depreciation					
As at 1 July 2006	260	173	174	951	1,558
Charge for the year	40	20	11	34	105
On disposals during the year	-	-	(27)	(75)	(102)
As at 30 June 2007	300	193	158	910	1,561
Net Book Value					
As at 30 June 2007	208	118	16	208	550
As at 30 June 2006	248	138	21	76	483

COUNCIL TANGIBLE FIXED ASSETS

	Short leasehold buildings £(000)	Computers, furniture, fittings and office equipment £(000)	Plant equipment and vehicles £(000)	Total £(000)
Cost or Valuation				
As at 1 July 2006	311	188	165	664
Additions during the year	-	6	188	194
Disposals during the year	-	(26)	(84)	(110)
As at 30 June 2007	311	168	269	748
Depreciation				
As at 1 July 2006	173	167	90	430
Charge for the year	20	9	39	68
On disposals during the year	-	(22)	(70)	(92)
As at 30 June 2007	193	154	59	406
Net Book Value				
As at 30 June 2007	118	14	210	342
As at 30 June 2006	138	21	75	234

9 DEBTORS

	GROUP 2007 £(000)	COUNCIL 2007 £(000)	GROUP 2006 £(000)	COUNCIL 2006 £(000)
Due within 1 year				
Trade: Producers	39	39	31	31
Purchasers	319	319	313	313
Other	37	37	19	19
Car loans	6	6	1	1
Other (including taxation)	50	50	117	117
Prepayments and accrued income	167	167	184	184
	618	618	665	665

10 INVESTMENTS, CASH AND MONEY MARKET DEPOSITS

	GROUP	COUNCIL	GROUP	COUNCIL
	2007	2007	2006	2006
	£(000)	£(000)	£(000)	£(000)
Money market deposits	2,178	2,178	2,288	2,288
Cash	(1)	(1)	45	45
	<u>2,177</u>	<u>2,177</u>	<u>2,333</u>	<u>2,333</u>
Non-listed investments - accumulating cash fund deposit.	1,623	1,623	1,544	1,544

11 CREDITORS

	GROUP	COUNCIL	GROUP	COUNCIL
	2007	2007	2006	2006
	£(000)	£(000)	£(000)	£(000)
Due within 1 year				
Trade Creditors	572	572	710	710
Research and Development Accruals	222	222	105	105
Marketing Accruals	203	203	95	95
Other Creditors (inc. taxation & social security)	101	101	88	88
Other Accruals and deferred income	196	196	194	194
	<u>1,294</u>	<u>1,294</u>	<u>1,192</u>	<u>1,192</u>

12 PROVISIONS

There are no provisions. (2006 NIL)

13 COMMITTED EXPENDITURE

There is committed expenditure against existing R&D contracts of £1,013,000 over the next three years. The BPC can withdraw from these contracts.

14 SUTTON BRIDGE EXPERIMENTAL UNIT LTD

This is a wholly owned, but non-trading, subsidiary of the Council registered in England & Wales. The deficit, for the year ended 30th June 2007 was £41,000 (2005/06 £16,000). At 30th June 2007 it had a called up share capital of £808,000, and a negative profit and loss

account of £600,000. At 30th June 2006 it had a called up share capital of £808,000 and a negative profit & loss account of £559,000. These figures are incorporated in the consolidated financial statements.

15 AUTHORISED FUTURE CAPITAL EXPENDITURE

There is no authorised future capital expenditure for which provision has to be made.

16 LEASE COMMITMENTS

		2007 £(000)	2006 £(000)
The Council leases a number of properties under operating leases. The minimum annual rentals under these leases are as follows:	Operating leases which expire:		
	In over 5 years - Land and Buildings	169	169
	in 1 to 5 years - Other	46	27
		215	196

17 RESERVES

	GROUP			TOTAL
	GENERAL	DESIGNATED	REVALUATION	
	£(000)	£(000)	£(000)	£(000)
Balance at 1st July 2006	2,817	890	126	3,833
Deficit on Income and Expenditure Account	(159)	-	-	(159)
Transfer of assets from General to Designated Reserve	(81)	81	-	-
As at 30 June 2007	2,577	971	126	3,674

	COUNCIL			TOTAL
	GENERAL	DESIGNATED	REVALUATION	
	£(000)	£(000)	£(000)	£(000)
Balance at 1st July 2006	2,943	890	-	3,833
Decrease in SBEU investment	(41)	-	-	(41)
Deficit on Income and Expenditure Account	(118)	-	-	(118)
Transfer of assets from General to Designated Reserve	(81)	81	-	-
As at 30 June 2007	2,703	971	-	3,674

The designated reserve is a portion of the Council's retained reserve and represents provision for potential redundancy payments that would have to be made in the eventuality that the Council might be required to cease its activities through some as yet unforeseen decision of Government.

18 FINANCIAL PERFORMANCE

The key corporate financial targets and performance are set out in both the **foreword** and the **annual report**.

19 CONTINGENT LIABILITIES

There are no contingent liabilities.

20 RELATED PARTY TRANSACTIONS

The Council owns 100% of the share capital of SBEU Limited, a non-trading company (see note 14).

The Council received payment of £43,000 (£43,000 in 2006) from DEFRA for the supply of statistical data.

The Council paid £20,000 (£19,000 in 2006) to The National Audit Office for audit work

relating to its annual accounts. The National Audit Office is accountable to the Public Accounts Committee appointed by Parliament. An accrual is contained within the accounts for the National Audit Office fee. There were no balances owed to or from the above organisations at 30th June 2007 (2006 NIL).

21 NOTIONAL COST OF CAPITAL

HM Treasury requires Non-Departmental Public Bodies to make a notional charge in their accounts for the cost of capital employed in their activities. The notional cost of capital represents the opportunity cost of the investment in the BPC. Given the nature of the BPC's business and its funding arrangements, the Council considers it would be inappropriate to include such a charge in the Income &

Expenditure Account. However, the notional cost of capital is shown as a memorandum item. In the year ended 31 March 2007 this is determined by applying 3.5% to the average capital employed by the BPC during the year, and indicates the return on the investment that an investor would otherwise be able to expect at a comparable level of risk.

22 CASH INFLOW/OUTFLOW

	2007 £(000)	2006 £(000)
Operating Deficit	(310)	(143)
Depreciation charges	105	99
(Gain) on disposal of tangible fixed assets	(14)	(7)
Decrease/(Increase) in debtors	47	(1)
Increase in creditors	102	178
Net cash (outflow)/inflow from operating activities	(70)	126

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007 £(000)	2006 £(000)
(Decrease)/Increase in cash in the year	(46)	31
Net funds at 1 July	45	14
Net funds at 30 June	(1)	45

24 ANALYSIS OF CHANGES IN NET FUNDS

	Balances at 1st July 2006 £(000)	Cash Flows £(000)	Balances at 30th June 2007 £(000)
Cash	45	(46)	(1)
Current Liquid Resources	2,288	(110)	2,178
- Money market deposits			
- Non listed investments - Accumulating cash fund deposit	1,544	79	1,623
Cash at Bank and in Hand	3,877	(77)	3,800

25 POST BALANCE SHEET EVENTS

The British Potato Council is to be reformed into a new structure with one levy board (AHDB). It is planned that the assets and liabilities of the BPC will be transferred into the new structure from 1st April 2008. The accounts have been prepared on a 'going concern' basis.

The Annual Report & Accounts were authorised by the Council to be laid before Parliament on 10th March 2008.



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