POTATO COUNCIL
DIVISIONAL PLAN 2012-15

Potato Council is a division of the Agriculture and Horticulture Development Board

Summary

This document outlines Potato Council's plan for 2012/13 whereby we will support the development of a sustainable GB potato industry by improving competitiveness and sustaining demand.

In developing the plan, Potato Council has sought the views of industry by staging robust strategic discussions with its advisory committees (Marketing, Research and Knowledge Transfer, Seed and Export, Market Information) and the Board of Potato Council throughout the year. To ensure these discussions truly represent the views of industry we have continued to review committee membership ensuring we achieve the right balance between sectors and end markets and we have made sure that committee members have been fully informed through provision of robust market information, consumer insight and access to industry experts where appropriate (e.g. regular updates on plant health threats from FERA and SASA staff). The plan seeks to build on the core long-standing objectives of improving competitiveness for the whole supply chain whilst recognising the need to use resources sustainably and sustaining demand for potatoes through focused consumer and seed-customer oriented activities.

Our planned work for Research, Development and Knowledge Transfer recognises continuing and mounting threats (e.g. pressure on the use of CIPC sprout suppressant, increasing input costs and potential pest and disease development). We will continue to fund research into agreed priority areas relating to agronomy, crop protection and storage and we will seek to ensure that previous evidence is built upon, cross sector opportunities are exploited, match-funding is secured and priorities for the sector are shared with government and funding councils. Details of any changes in priority will be published in the spring of 2012 following a comprehensive review of R&D strategy. We will also continue to populate our framework for plant health threats introduced in 2011 and ensure industry has access to our *knowledge house* and can make informed, risk-based decisions and contribute collectively to our high plant health status. Ensuring the outcomes of R&D are translated into beneficial changes within businesses remains paramount. Our knowledge transfer team will continue to work in partnership with supply chains and advisory businesses to offer a timely and relevant programme of meetings. Meanwhile we will be using our newly launched website to test new innovations in technical communication that will sit alongside our tried and tested communication activities.

Our team at Sutton Bridge Crop Storage Research will continue to service industry's storage research and advisory needs by exploiting new facilities developed and tested this year and will explore the need for new industry services (e.g. store energy audits). The team will target a break-even financial position for their operations.

In Marketing and Corporate Affairs we will continue to fund relevant research and share it collaboratively with industry to develop our collective awareness of consumer behaviour, and respond with promotional activity that exploits opportunities within the research. We will continue to build our case that potatoes outplay rice and pasta in terms of health and nutrition, taste, sustainability and versatility and through targeted campaigns, educational activity and corporate affairs projects we will ensure today's and tomorrow's consumers along with key decision makers understand the potato's positive credentials.

With exports of seed breaking the 100,000 tonne threshold this, year, our plans for Seed and Export seek to capitalise on GB's excellent plant health status by rolling out the existing safe haven scheme domestically and by supporting inward and outward trade and phyto-sanitary missions to agreed target nations. Other activities will respond to publication of a large seed-customer survey due to report in Spring 2011.

Concurrently with activities highlighted above, our teams will be working collectively with industry to develop a roadmap for sustainability. We will use existing opportunities, like our Spring Forums and World Potato Congress (WPC) 2012 to consult with levy payers and supply chains to understand what demands are being made by consumers, retailers and policy-formers, how strong these demands are and what provision (research, KT, marketing) will be required to meet these demands. Our focus will be on resource use and climate change and we recognise that discussions on sustainable demand and share of the value-chain should run hand-in-hand with sustainable production if we are to achieve a sustainable potato industry.

Our plan includes the third incremental increase to the levy following introduction in the 2010 crop year of a three year programme of small increases based on stakeholder agreement that these were essential to maintain the service delivery demanded by growers and their industry customers to meet the challenges ahead and that small increments over time were preferable.

Potato Council's role is to deliver value where there is a market failure need. Demand for this work is increasing as the challenges faced by all levy payers continue to mount. For many growers it remains very difficult to find the resources to re-invest in farm infrastructure and remain at the leading edge of production. A strong and vibrant Potato Council, within AHDB, is more important than ever to the industry and this Corporate Plan shows how it will deliver to meet the needs of the potato sector from 2012 to 2015.

Overview of the market place and potato sector

The retail market is currently stable. Sales of fresh potatoes are slightly lower post recession in terms of volume which could be driven by availability of smaller pack sizes; however, there has been a significant increase in value of sales which reflects a decrease in the number of promotions – raising the average price per kg. The chilled potato category continues to grow, although this has slowed possibly as household disposable incomes are under pressure from increased living costs. Frozen potato products and crisps have both experienced a small growth in both value and volume sales. Canned potatoes continue to be in decline.

The foodservice market is showing signs of post recession recovery with growth in quick service restaurants. Eating out of home is being partly driven by voucher offers, which are often influencing choice of outlet. Overall the number of potato meal occasions is static. Chips continue to dominate this market for potatoes – and the number of servings has increased compared to last year. There has been a small decline in Jacket Potatoes served, which could be due to a small number of lunchtime occasions.

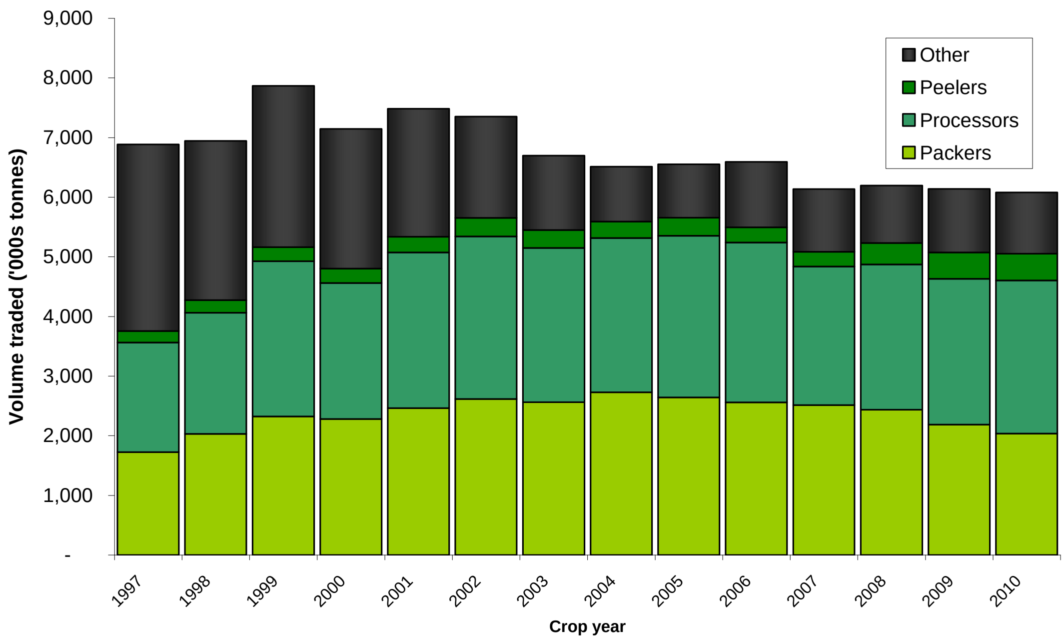
The potato consumer has been impacted by the economic turbulence; changing attitudes and purchasing behaviour. Consumer confidence is low, which is driving attitudes towards wasting less and looking for value. Threats relate to issues such as globalisation of the diet, increased variety of alternative carbohydrates and convenience of cooking and preparation. The main evening meal-time competitors remain rice and pasta, but Potato Council recognises that meals like fajitas and curries are genuine competitors within younger consumer groups.

The overall long term trend in consumption is downwards as younger consumers are eating fewer potatoes than their parents. This trend is mirrored in France and Belgium and Potato Council has worked for the first time with its counterparts in these countries to secure co-financing for a targeted potato campaign which will considerably increase the investment in promotion. Potato Council's objectives seek to influence consumer behaviour by changing perceptions (that potatoes are uninteresting, laborious and unhealthy) within younger groups whilst maintaining a critical proportion of messaging to older, more pro-potato age groups.

Reducing Government expenditure on consumer-oriented work causes concern. Obesity and food security are both still high on the agenda - particularly encouraging the production and consumption of a healthy low impact (sustainable) diet. The emphasis on communicating messages to the public has shifted from Government funded activity through media to industry partnerships – reflecting the Big Society principles.

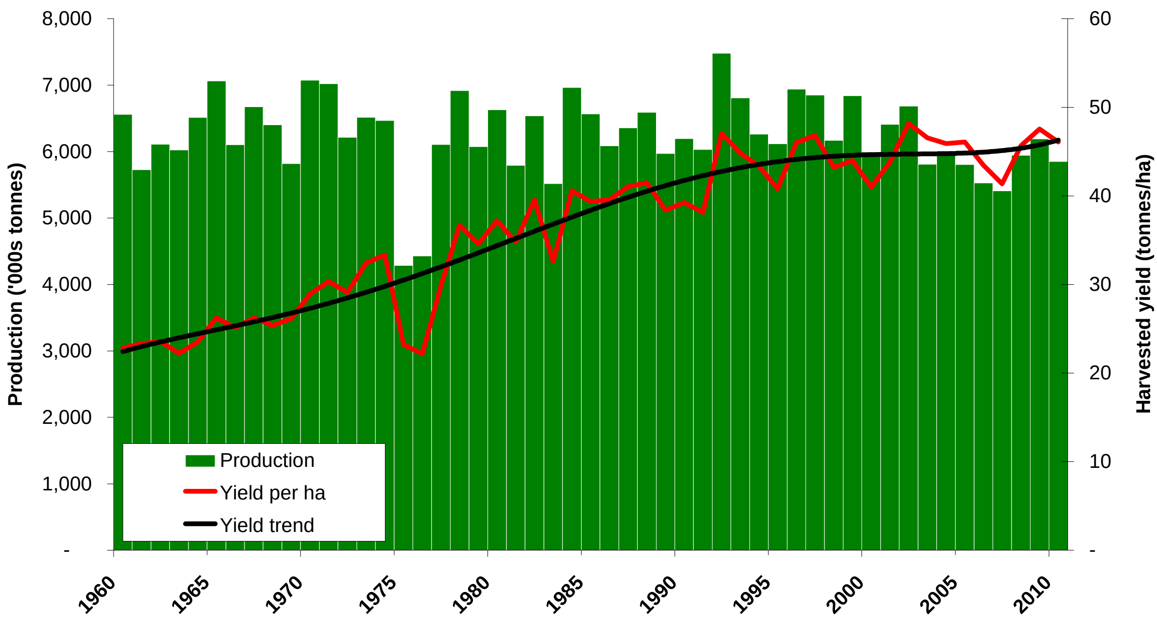
The purchaser base continues to consolidate; there are few traditional potato merchants left and crop is increasingly grown on contract to stabilise supply chain costs. The strong partnerships between growers and purchasers result in nearly three quarters of GB crop grown on a pre-season contract or for a committed buyer. For production outside of contracts, a typical supply and demand relationship exists with high prices evident in years of short supply and *vice versa*.

Volume traded by purchaser type 1960-2010



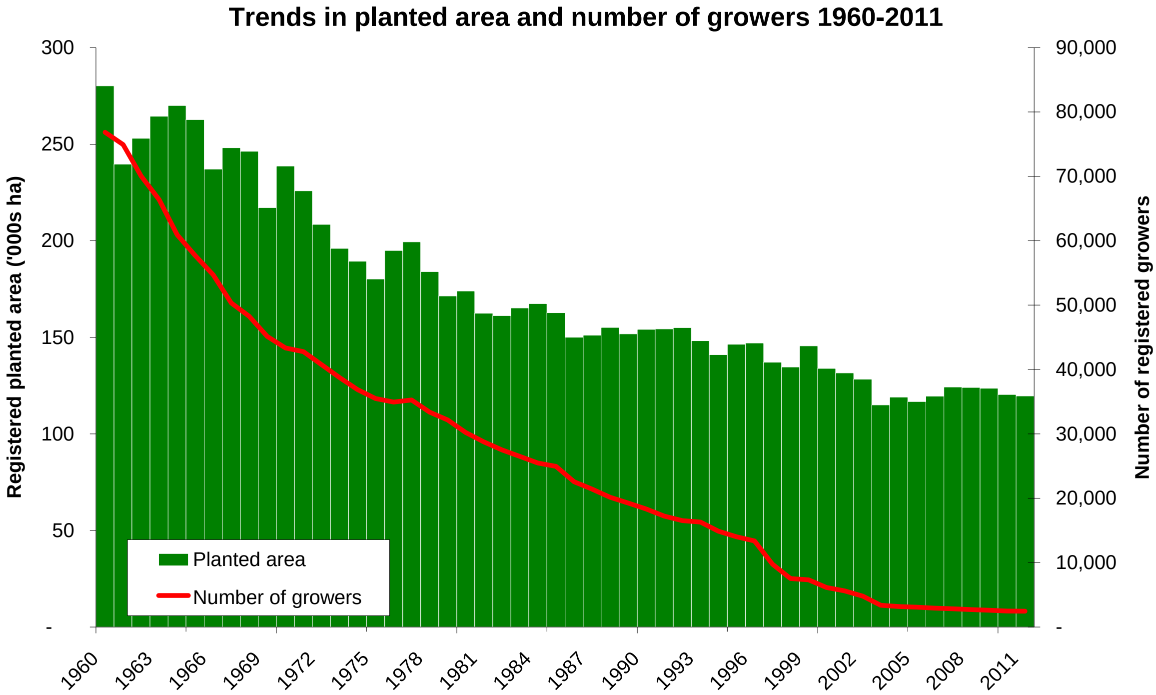
Average yields per ha have doubled since 1960, due to improved agronomy, balancing a halving in planted area. Since 1992 yields have fluctuated around 44.8 t/ha and production appears relatively stable (with weather related fluctuations) at just under 130,000 ha (6m tonnes).The GB Potato industry delivers sales-value of £947m at farm gate and £3.8bn at consumer level. The apparent recent plateau in yields may be a function of reduced crop protection tools, changes in agronomy and introduction of new varieties with different characteristics. Potato Council's strategies relating to crop protection and agronomy will help to combat this apparent challenge to increasing profitability.

Yield per ha and total production 1960-2010

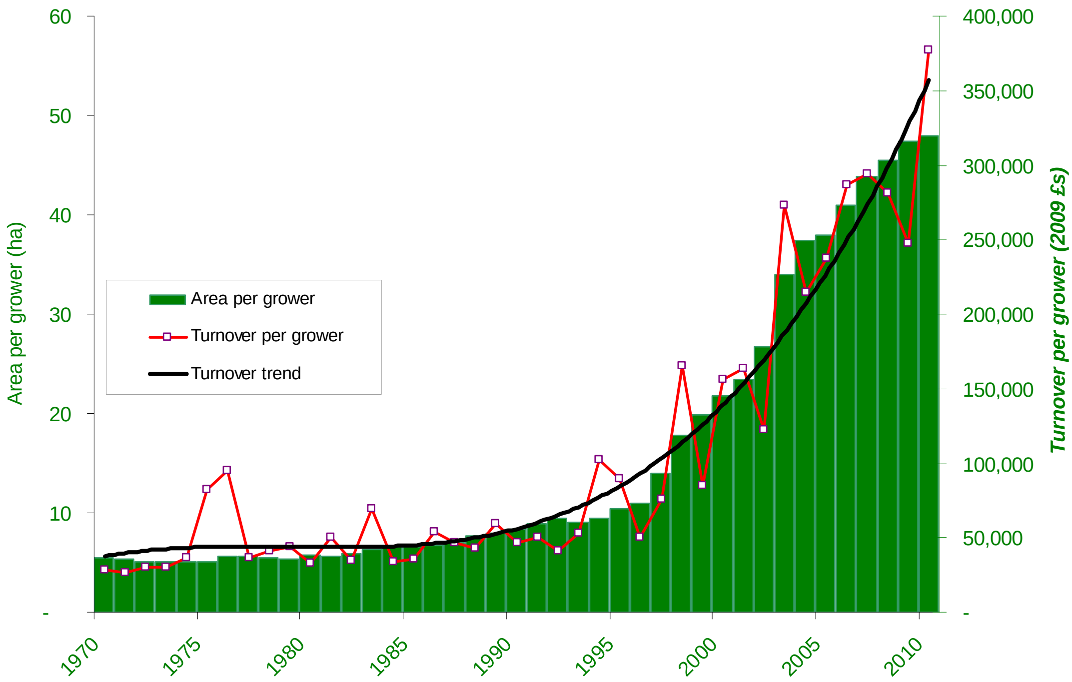


Grower numbers continue to shrink but long term production levels remain relatively stable and turnover per grower is now around £376,000, versus £27,000 in 1970 (adjusted for

inflation to a 2010 £ basis). Approximately 2500 growers manage 23,700 potato fields (registered growers are 3ha or more) with an average field size above 5 hectares.
Main-crop varieties account for almost two-thirds of the area grown and yields have nearly doubled from just under 23t/ha in1960 to over 46t/ha in 2009 in spite of the recent apparent plateau. This reflects the considerable amount of industry research, investment and innovation over the years. Modern growers are highly specialised and have good access to the best agronomy and other technical skills informed by Potato Council tools and products, leading to better yields per ha and to a higher quality product in a more demanding market. The trend towards highly specialised and capital-intensive potato enterprises is likely to continue. The consequence for Potato Council is that audiences within levy payers' businesses will continue to change and we will require new approaches and tools to ensure thorough engagement and translation of information into tangible beneficial outcomes along the supply chain.



Planted Area and Turnover per Grower 1970-2010



Technical challenges to achieving increased marketable yield are considerable. Figures from Potato Council's Grower Panel indicate that just over half the potato growers have access to irrigation and 55 per cent of the total crop is stored by growers on farm. The Water Framework Directive is starting to create change in what is allowable on farm and 2011 presented a forewarning of future challenges in terms of water availability in some regions. Potato Council's R&D and KT strategies seek to ensure we are able to provide new information on soil and water management that allow growers to meet compliance targets and minimise any impact on productivity. Approximately a third of GB potato production is on rented land which creates new challenges relating to ownership of compliance issues. Vital research on crop storage also features heavily within Potato Council's plans to assist industry in managing energy and carbon footprint and to ensure continued access to existing sprout suppressants e.g. CIPC.

Sustainability is increasing in importance and attention within the potato sector. Policy and commercial drivers are many and complex. They include Greenhouse Gas (GHG) targets set at European and national level along with growing pressure from retail and branded business for suppliers to report against targets relating to GHG and carbon footprint, water use efficiency, biodiversity and more. Corporate and Social Responsibility documentation published by retailers and similar documents published by potato purchasers offer a clear indication of where their focus is and the challenge for the potato sector. The challenge, particularly for growers, is to respond through more efficient and environmentally aware practices without compromising yield and quality (or increasing costs). Potato Council recognises the existence of a sweet spot where efficiency gains and potential cost savings coincide with environmental benefits and seek to exploit this. In 2011, PCL began testing industry's appetite for a greater focus on sustainability through discussions at levy payer meetings. Initial feedback suggests an industry that is already progressing against sustainability targets but is confused regarding how to define targets more precisely, which tools to use to measure progress and where to find the toolbox of techniques and practices that meet desired targets. Discussions have also featured commentary regarding inequitable share of the value-chain which, if left unchecked, will preclude capital investment in sustainable technologies on farm. In 2012 PCL will commence more detailed discussions with industry in order to develop a clear roadmap for sustainability that will define more precisely what needs to be done to create an industry with a sustainable future.

Plant health remains a particular concern to the potato industry and will continue to be a focus for activity in 2012/13. Our efforts will be concentrated on populating our framework for plant health developed on 2011. Our initial target used in populating our plant health framework was Dickeya bacterial rot and in 2011 assessments of other threats like South American Tuber Moth (*Tuta absoluta*), Stolbur phytoplasma, *Epitrix* Flea Beetle, Potato Spindle Tuber Viroid and the *Psyllid*/Zebra Chip complex have been undertaken. In 2012 we will use events like WPC2012 to draw in experiences and best practice management strategies from around the world. We will share with industry a knowledge bank on how pest and disease threats are managed elsewhere such that our industry can develop a clearer understanding of its roles and responsibilities in maintaining our high health status.

Notably, 2011 saw GB seed exports exceed 100,000 tonnes for the first time. Whilst it is impossible to attribute growth solely to high plant health status (many political and trade related drivers influence choice of seed origin) many existing and new markets have been developed through negotiations relating to plant health. PCL will continue its programme of inward/outward missions in 2012/13 and will roll out further marketing activities relating to the benefits of purchasing seed through the safe haven scheme both domestically and overseas.

Working with our levy payers & stakeholders

Potato Council benefits from a direct relationship with its levy payers based on a system of registered hectares and purchaser returns for levy income. The relationship with levy payers is vital and Potato Council recognises that we need to make engagement and contact with our staff easier. Further, Potato Council recognises the significance of partnerships within the supply chain and can only deliver its plan by engaging beneficially throughout the industry. Partnerships already exist and levy payers buy-in to agreed marketing messages when appropriate, participate in R&D projects and work hand-in-hand with Potato Council. As the environment for achieving match funding changes, Potato Council will seek to strengthen these partnerships to ensure delivery of plans is maintained and shared. Similarly, Potato Council recognises that thorough stakeholder engagement (e.g. on plant health issues) will be essential. Potato Council will continue to evaluate new ways of making communication and will use its newly developed website as a platform for testing new methods and communication tools that supplement our tried and tested communication channels.

AHDB Objectives

As a sector business within AHDB, our objectives are derived from 5 overarching objectives agreed by AHDB Board:-

1. Deliver value for money for Levy Payers in everything we do
2. Improve efficiency and productivity in the industry to help levy payers have thriving businesses
3. Improve marketing in the industry to help profitability and customer awareness
4. Improve services that the industry provides to the community
5. Improve ways in which the industry contributes to sustainable development

   In this context, our business plan follows the AHDB numerical format and is delivered through five 'domains' that drive our detailed actions plans:-

- **In Research & Development** we will develop and deliver applied research projects prioritised by the new R&D strategy that will benefit levy payers by improving competitiveness and the sustainability of the industry. We will present a clear vision to government and other sponsors of the industry's research needs. This will inform their investment and help ensure that the Potato Council's R&D programme can be integrated and exploit appropriate cross-sector and international links to deliver value for money. We will ensure that the industry is kept informed of the latest technical developments and use our expertise and contacts to contribute to the PCL activities in Plant Health, Sustainability and Issues Management

- **In Marketing and Corporate Affairs** we will collaborate across the supply chain: working with the industry to deliver campaigns and projects that deliver rewards at business and industry-wide levels. Bespoke research will be undertaken to track the market and understand the consumer. Potatoes will be promoted to younger consumers and our education programme will target the next generation – challenging rice and pasta. We will build the potato's reputation as a healthy, tasty, sustainable and versatile product; informing policy makers and key influencers to highlight the strategic importance of the crop.

- **In Knowledge Transfer** we will continue to improve the flow and uptake of knowledge throughout the supply chain ensuring that value derived from R&D is disseminated to the different parts of the chain via tailored communications. Impact will be maximised by additional delivery through AHDB cross-sector activities. We will work with other tech transfer agents to reduce overlap and ensure the most effective use of PCL branded KT materials. Cutting edge communications technologies will continue to be evaluated and integrated with tried and tested activities and ensure all levy payers have opportunities to engage with the PCL team.

- At **Sutton Bridge Crop Storage Research**, we will also ensure that we continue to deliver knowledge and best practice in storage through the further development of science, facilities and expertise along with an enhanced programme of training and KT.

- **In Seed & Export** Demand for British seed, particularly overseas continues to provide valuable growth opportunities for the seed potato sector. Potato Council will help the seed sector deliver the quality the customer requires through appropriate R&D and KT, whilst working with stakeholders and government to protect plant health. We will also coordinate promotion in selected overseas markets and will work in partnership with industry and government to encourage overseas plant health officials to understand and acknowledge our excellent phyto-sanitary standards. We will also continue to monitor export market issues and provide relevant information to the seed sector in a timely manner as issues arise.

- **Within the wider AHDB organisation** we will ensure that we maximise any cross-sector initiatives that can benefit the Potato sector levy payer through collaborative ways of working for example, through participation in new industry working groups that contribute to the Government's plant health policy. We will use the opportunity to develop best practice and add value through new AHDB cross-group working especially in areas where potatoes can take a leading role (e.g. in Crop Protection). We have already recognised the potential to save money through better collective purchasing (e.g. consumer insight contracts shared with other divisions and seek to exploit this collective bargaining position within other functions.

Strategies

We have developed strategies to deliver our key outcomes that relate to AHDB objectives. These strategies have been assessed by our Board, committees and executive team for market failure. We have prioritised activities that have a high chance of success and a high potential impact; these objectives have been developed with and endorsed by the relevant Potato Council committees. The detail is contained in the tables at the end of this section**.**

Objective 1. Deliver value for money for levy payers in everything we do.

PCL Outcome(s)
1a. PCL secures match-funding across its range of activities
1b. PCL's focus on internal efficiency is positively perceived by levy payers

Strategy 1a: Leverage additional funds that increase the impact of Potato Council investment with match funding for projects that support strategies.

As the impact of spending reviews becomes more apparent, the opportunities to derive match funding, either through EU and Government or commercial partnerships will change. Potato Council will continually review opportunities for all front-line activities (notably, EU funding has already been achieved in marketing and funding streams will be reviewed alongside R&D strategy) and will target a 25% increase in activity through additional (non-levy) funding. Partnerships and sponsorships are already commonplace across the delivery programme, particularly in knowledge transfer, and PCL will continually develop relationships where a win-win can be achieved.

Strategy 1b: Focus on measuring efficiency across functional headings.

To demonstrate wise spend to our levy payers, more cost-benefit analyses will be developed. Methodologies are complex and vary between activities. In marketing they might range from placing a value on media coverage to measuring tangible changes in consumption. Likewise in R&D and KT, methods might range from monitoring numbers attending meetings and events to measuring cost reduction or changes in marketable yield derived from engendered change. In 2012/2013 we will continue to work with colleagues in AHDB to establish best practice and publish cost-benefit analyses for at least one project in each function (R&D, Marketing, KT and Seed and Export) to supplement those published in 2011.

Objective 2. Improve efficiency and productivity in the industry to help levy payers have thriving businesses

PCL Outcome(s)
2. Industry competitiveness is improved
2a. Levy payers benefit from targeted R&D that will improve marketable yield and profitability.
2b. Levy payers benefit from more opportunities to share relevant technical knowledge with meaningful business-related outcomes
2c. Levy payers have a stronger storage research capability fit for purpose for the future.

Strategy 2a: Increase marketable yield through R&D

Potato Council will implement the new R&D strategy developed during 2011/12 in consultation with levy payers and stakeholders. Continuity will be provided with the current

R&D programme where projects seek to optimise use of resources, reduce defects and improve marketable yield.
New project funding will be guided by industry prioritisation and concentrated in those areas that are likely to make the greatest difference and where there is a high likelihood of success. This commissioning will include new research that supports the PCL Plant Health strategy.

The invigoration of the R&D programme will also include the establishment of Research Fellowships to help retain key technical skills within the industry and we will also encourage new entrants to the industry through identifying suitable PhD studentship projects.

The R&D strategy and the new projects commissioned during the year will be communicated so that industry is aware of the most recent developments and is in an improved position to exploit outcomes.

Strategy 2b: Understand depth of knowledge implementation across the industry and improve Knowledge Transfer activities.

Adoption of new technologies from R&D is crucial to the success of the industry. Knowledge Transfer will be delivered under Programmes such as Plant health, Sustainability, and Business Improvement; placing new technologies in the context of meaningful business related outcomes. In addition to highlighting the out-turn from the R&D pipeline, we will incorporate wider information sources and ensure feedback from levy payers impacts on the R&D strategy. PCL will maintain a focus on water resources and the likely impact of further implementation of the EU Water Framework Directive.

Following a comprehensive audit of levy payer contact undertaken in 2010 we will be making contact easier to allow those who don't know us to learn more, and those that do know us to maximise the opportunity to derive benefit from our activities. New initiatives will include:-

- Expansion and better promotion of our open-meetings programme
- Development of World Potato Congress in preparation for delivery in 2012
- Development of a range of digital e-learning tools delivered via the PCL website
- Distribution of new guides and topic sheets that illustrate the "breadth" of R&D
- Improved partnerships with trade and advisory organisations
- Further opportunities to engage with senior staff and Board members.
- Initiate a network of media trained Technical Ambassadors
- Expand the Grower Collaboration model to other Knowledge Campaigns

Our outputs will be delivered in a financial context that will bring together the technical, the business, and the producing and purchasing components of the industry.

Potato Council will also work with AHDB colleagues to seek out efficiencies that can be achieved through leveraging as one body that will benefit the potato sector.

Potato Council has recognised recent increased risks in relation to non-endemic diseases such as Ring Rot and *Dickeya* and has developed a Plant Health Programme to ensure industry awareness and buy-in to deal with domestic issues and emerging threats. We will continue to support the Safe Haven Certification Scheme and other activities that aim to help protect the industry's high health status.

Strategy 2c: Exploit the potential for storage research through capital investment at Sutton Bridge Crop Storage Research (SBCSR).

Consultations have confirmed that storage R&D and Knowledge Transfer is crucial to industry. A new business plan was introduced for Sutton Bridge in 2010 which included, with the support of external grant funding, a programme of capital investment to provide SBCSR with a state-of-the-art storage facility to deliver further storage research. This facility has been used in earnest for the first time in 2011/12 and will deliver the first major results from new work on seed storage in 2012/13. Cross-sector opportunities will be explored in conjunction with the AHDB Chief Scientist. An enhanced focus on profitability and reinvestment within the Sutton Bridge Business Plan will be adopted by the management team and steered by a specialist advisory group with PCL and industry representation.

Key research areas which will be addressed include:
- Established and alternative sprout suppressant technologies
- Energy management and carbon foot-printing
- Airflow management
- Seed storage and disease control
- Residue-free storage

Two apprentices have been added to the team in 2011/12.

Objective 3. Improve marketing in the industry to help profitability and customer awareness.

PCL Outcomes

3. Demand for levy payers' potatoes is sustained

3a. Levy payers have access to high quality bespoke consumer research and market reports to support making profitable business decisions and highlight marketing opportunities.
3b. Levy payers benefit from continued improvements in consumers perceptions of potatoes versus their carbohydrate competitors.
3c. The strategic importance of the potato is recognised by key stakeholders
3d. Levy payers benefit from a high quality seed potato sector that meets customer needs and can take advantage of market opportunities.

Strategy 3a: Understand the consumer and the market place

Consumer and market research supports the industry to make profitable business decisions and highlight marketing opportunities. Building up our knowledge of younger consumers (and the best ways to reach them) means we can increase the impact of our marketing campaigns. Activity will be focused in two areas:

- Understanding potato sales and consumption trends: working with the AHDB consumer insight team to provide unbiased market data, benefiting from collaborative buying with other divisions.

- Bespoke market research to drive marketing and New Product Development (NPD) in industry, and understanding market drivers: providing high quality research tailored to industry needs.

Strategy 3b: Challenge rice and pasta by targeting younger consumers

Young adults and families with young children eat the fewest meals with potatoes. High impact innovative marketing campaigns will focus on these groups and address misconceptions: positioning potatoes as a versatile, healthy, tasty and sustainable choice.

Potato Council has secured EU co-financing for a campaign to promote fresh potatoes in conjunction with France and Belgium. This is delivering € 810,000 of investment in promoting potatoes over three years ending 2013.

Educating the next generation of consumers will help them to develop life-long potato eating habits. The education programme will be expanded to cover secondary schools, while maintaining nearly two thirds of all primary schools participating in the Grow Your Own Potatoes project.

One in four potatoes is made into chips – the single largest use of the crop. National Chip Week will continue to defend chips which have received considerable negative press coverage in the past; supporting sales.

Strategy 3c: Create a compelling influencing and communications plan to inform on key health and sustainability messaging.

Food security and obesity are high on the political agenda – potatoes have an important role to play. We need policy makers to fully understand that we have a nutritious and sustainable product by presenting the evidence.

The media have a powerful position in shaping opinions. Potato Council will undertake a programme of issues management: handling media enquiries, challenging cases of misrepresentation and disseminating reliable facts on key topics.

Strategy 3d: Help seed growers to further grow their markets through meeting customer requirements, producing a high quality product and promoting the technical benefits of British seed.

Demand for British seed, particularly overseas, continues to provide valuable growth opportunities for the seed potato industry. Potato Council will help ensure British seed can deliver the quality the customer requires through appropriate R&D and KT, whilst working with stakeholders and government to protect plant health. We will also coordinate promotion in selected overseas markets and will work in partnership with industry and government to encourage overseas plant health officials to understand and acknowledge our excellent phyto-sanitary standards. We will also work to resolve any arising export issues. Trade show activity and inward and outward missions are the key tools.

Objective 4. Improve services that the industry provides to the community

There are no strategies specific to this objective within Potato Council's plan. However, community benefit can be derived from other strategies in a number of ways. For example, nutritional and food hygiene messages are embedded in our marketing activity (strategy 3b), young students learn about origins of food and activities like Grow Your Own Potatoes are aligned to the national curriculum (strategy 3b), research and knowledge transfer programmes contribute to national targets on air, soil and water quality (strategies 2 and 5) etc.

Objective 5. Improve ways in which the industry contributes to sustainable development

PCL Outcomes
5. PCL is recognised as the voice for the potato industry
5a. Levy payers have sources of knowledge that will enable them to manage regulatory and compliance issues better.
5b. Levy payers have continued access to quality assured Market information.

Strategy 5a: Understand and translate relevant legislation to assist industry with representation.

Potato Council will continue to monitor development of legislation that impacts the potato sector and will develop a knowledge house by maintaining an evidence base accessible to those involved in developing and implementing legislation. Issues such as biotechnology, pesticides, acrylamide, CIPC, water, soils, plant health and climate change are likely to be high priority and the Potato Council can provide a lead within AHDB and with stakeholders.

The burden of compliance and issues relating to industry's use of energy and pesticides are key ongoing threats to the potato sector's economic and environmental sustainability. Changes in land use and availability (e.g. through CAP reform) will also impact on enterprise costing and compliance requirements particularly on rented land where responsibility may be shared by the owner and lessee. These issues will be integral to all R&D and communication activities. Managing such issues in a holistic way can create an outcome where compliance occurs, and where there is a positive financial outcome, for example, reduced input costs and better marketable yields. This *policy meets production* approach has been well received by levy payers in the past. The approach will be tested as a new roadmap for sustainability is developed in partnership with the industry. We will seek agreement for our view that sustainability requires the *development of production systems that maintain or increase their productive characteristics over time and take into consideration environmental, social and economic aspects of production.*

Activities designed to improve information flow and knowledge uptake will run parallel to R&D and communication activity. This work will involve altering attitudes and behaviours in the potato supply chain. During 2010/11, surveys into the uptake of new information and how it is utilised will be conducted.

Utilising integration with AHDB and in particular the AHDB Chief Scientist, Potato Council will also actively engage on key issues that are not potato specific, such as consumer attitudes to Biotechnology, the lack of new entrants to the sector and the declining GB science base.

Strategy 5b: Ensure PCL supplies accurate market intelligence through centralised function

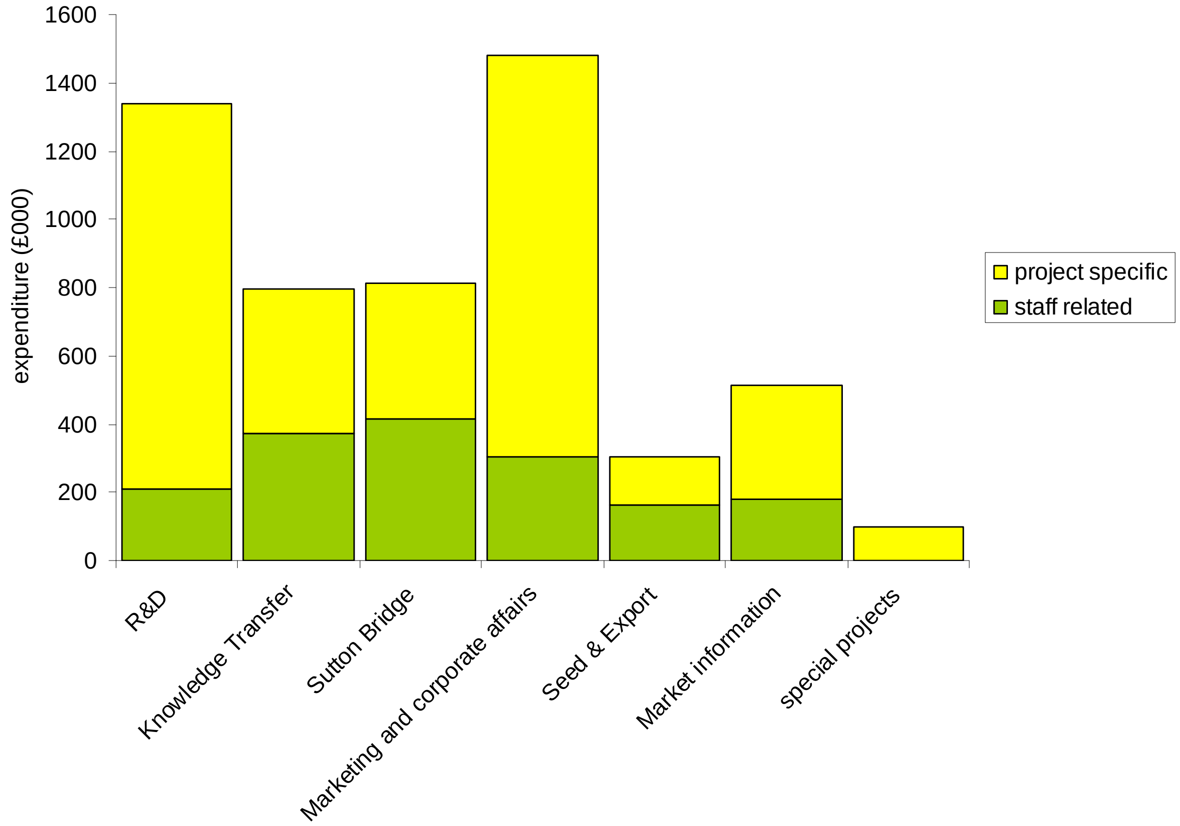
Working with colleagues in AHDB Market Information Division, Potato Council and its MI Committee will ensure adequate training of staff that allows transfer of activities from existing contractors to the team within the Market Information Division. The committee with take on quality assurance responsibilities to ensure the outputs remain robust and meet industry needs.

Our Staff

The activity tables on the following pages capture costs for expenditure only. The table below complements these by indicating the staff resource dedicated to each objective. Changes in staff numbers compared to the previous year are due to exploitation of the Government's apprentice scheme at Sutton Bridge along with restructuring within Marketing and Corporate Affairs to allow better administration and delivery aligned to EU funding (one post is fixed term and will be reviewed should income change).

Department	Staff number (FTEs)	Working against objectives
Director	2	All
Research & Development	4	1, 2, 3 (c), 5
Sutton Bridge CSR	9 + 2 apprentices	1, 2, 3 (c), 5
Knowledge Transfer	7	1, 2, 3(c), 5
Marketing & Corporate Affairs	7	1, 3 (a, b & c)
Seed and Export	3	1, 3(d)
AHDB Market information	1.75	All
TOTAL	**35.75** (31.75 in previous year)	

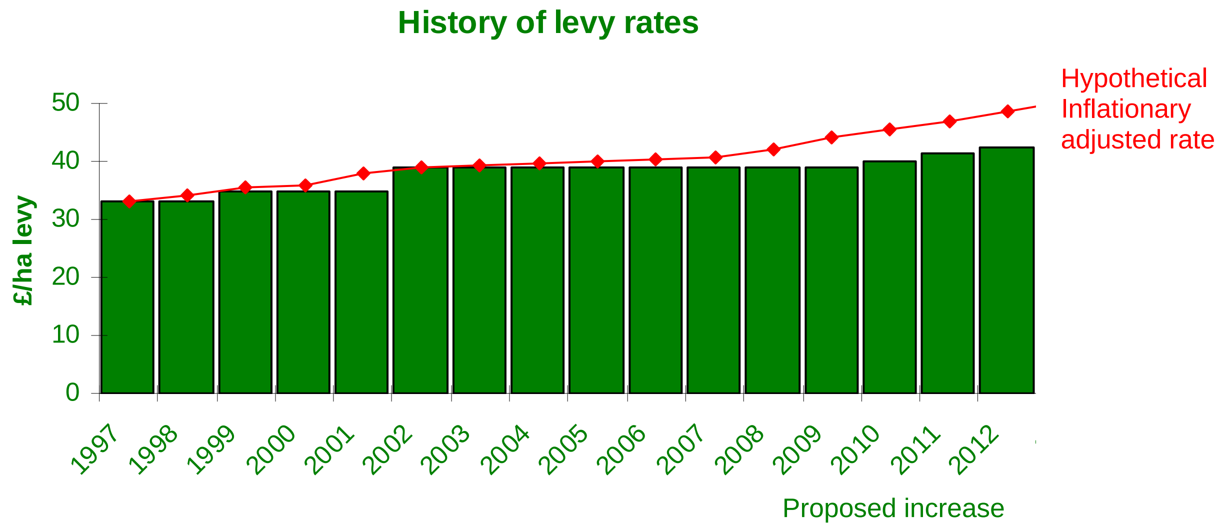
Expenditure by function is summarised below.



The Levy

Coincident with pressure on public funding, and the likely difficulties in securing match-funding to support projects, there is a continued need to take on more activity to tackle industry's challenges. This will require sufficient income and, in the past, income was supplemented by continually and prudently drawing down reserves. This option is no longer feasible.

The **levy rate** remained **unchanged** for **8 years** and a programme of small increases commenced in 2010/11 to allow activity to be maintained. This is illustrated in the chart below. A further increase of 3% is proposed for 2012/13 which would result in area levy being set at £42.62/ha for producers who grow 3 ha or more and 18.58p/tonne for purchasers; those purchasing over 1000 tonnes/yr.



Potato Council financial strategy

The approach to managing Potato Council finances will be to apply strong financial disciplines as follows:

- The financial budget will be based on the activities required to deliver the Corporate Plan.
- Potato Council will target a retained surplus of £200K in each year. This will be used to improve cash-flow and ensure a provision for use during potential industry crises.
- In 2012/13 budgets will be increased by 3% for key functions (R&D and Knowledge Transfer, Trade Development, International and Supply Chain Integration).
- There is an assumed annual levy rate increase of approximately 3% from 2010/11 to 2012/13.
- The levy rate increase will be reviewed annually as part of the corporate planning process based on the cost to deliver the needs of levy payers.
- Budgeted income will be projected on a planted area of 120,000 hectares for the 3 years of this plan.

Levy rates require ministerial approval on an annual basis therefore the levy rates in these financial projections are only an indication of our future plans.

Financial projections 12/13 to 14/15 **PROVISIONAL**

	FULL YEAR £'000					
	10/11 Actual	11/12 Forecast	12/13 Budget	13/14 Budget	14/15 Budget	12/13 vs 11/12
INCOME						
Gross levy	6,035	6,238	6,425	6,425	6,425	187
Less bad debt	-90	-30	-30	-30	-30	0
Fee and grant income	706	573	1,058	346	346	485
Commercial Services Income	0		0	0	0	0
Non-levy income	**706**	**573**	**1,058**	**346**	**346**	**485**
TOTAL INCOME	**6,651**	**6,781**	**7,453**	**6,741**	**6,741**	**672**
EXPENDITURE						
DIRECT						
R&D and Knowledge Transfer	-2,858	-2,780	-2,854	-2,872	-2,881	-74
Trade Development	-1,678	-1,717	-1,759	-1,528	-1,532	-42
International	0	-124	-128	-128	-128	-4
Supply Chain Integration	-310	-210	-216	-217	-218	-6
Market Intelligence	-364	-513	-502	-476	-458	11
Communications	-141	-120	-517	-38	-38	-397
Commercial services	0	0	0	0	0	0
TOTAL DIRECT EXPENDITURE	**-5,351**	**-5,464**	**-5,976**	**-5,259**	**-5,255**	**-512**
SUPPORT						
Sector Specific Administration	-691	-625	-615	-615	-615	10
HR and Corporate Services						
HR & Legal / Payroll	-79	-78	-83	-83	-83	-5
Facilities	-213	-202	-199	-190	-174	3
Finance and Business Services						
Finance	-109	-88	-78	-77	-75	10
Levy Collection	-52	-57	-57	-55	-53	0
Procurement	-15	-18	-18	-18	-18	0
IT	-106	-97	-91	-87	-87	6
Main Board / Advisory	-67	-57	-58	-58	-58	-1
Corporate Communications	-28	-28	-31	-32	-33	-3
R&D	-25	-21	-27	-35	-37	-6
TOTAL SUPPORT EXPENDITURE	**-1,385**	**-1,271**	**-1,257**	**-1,250**	**-1,233**	**14**
TOTAL EXPENDITURE	**-6,736**	**-6,735**	**-7,233**	**-6,509**	**-6,488**	**-498**
Operating Surplus/(Deficit)	**-85**	**46**	**220**	**232**	**253**	**174**
NON-OPERATING ITEMS						
Income	0	0	0	0	0	0
Interest receivable	0	1	0	0	0	-1
Interest payable	0	0	0	0	0	0
Taxation	12	0	0	0	0	0
Exceptional reorganisation expenditure	-313	-25	-18	-12	0	7
Other non-operating costs	-89	0	0	0	0	0
Net FRS17 Entries	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
TOTAL NON OPERATING ITEMS	**-390**	**-24**	**-18**	**-12**	**0**	**6**
Retained Surplus/(Deficit)	**-475**	**22**	**202**	**220**	**253**	**180**
Support Exp. Excl MI % of Income	20.8%	18.7%	16.9%	18.5%	18.3%	
Headcount (FTE)						
Opening reserves	1,359	884	906	1,108	1,328	
Retained surplus/deficit	-475	22	202	220	253	
Closing reserves	884	906	1,108	1,328	1,581	

Notes: Increased income and communications expenditure in 2012/13 relates to delivery of World Potato Congress 2012. An apparent reduction in expenditure on trade development (marketing) in 2013/14 relates to cessation of our current EU co-funded programme. This is matched by an identical reduction in income for the same period. A replacement EU programme is currently being sought.

Outcome 1. PCL achieves match-funding across its frontline programme and this is positively perceived by levy payers

Strategy	Key outcome	Targets	Key risks	Key controls
Explore and achieve match-funding	• All project proposals will identify the potential match-funding in terms of either financial or in kind contributions.	• All project proposals 100% compliant. • 25% match-funding achieved across PCL functions.	• Funding not achieved from partners and third parties.	• Participation in AHDB working groups. • Adherence to R&D best practice principles. (commissioning & monitoring, industry involvement).
Share cost/benefit analysis	• Cost/benefit published and understood by levy payers.	• Methodologies developed and best practice shared within AHDB. • One cost/benefit analysis published for each function (2 by August 2012).	• Comparative methodologies not achieved.	• Routine stakeholder engagement with funding as a standing item. • Benchmarking of methodologies.
Resource requirements: (excludes staff costs): £30K				

Outcome 2: Industry competitiveness is improved

Strategy	Key outcome	Targets	Key risks	Key controls
Develop and deliver prioritised outputs from the new R&D strategy: ➢ **Optimise use of resources** ➢ **Reduce defects** ➢ **Increase marketable yield** ➢ **Improve sustainability** **Communicate strategy review outcomes and new projects**	• Research projects commissioned and managed against agreed industry priorities. • Active involvement of potato industry stakeholders and levy payers with ongoing projects and the new R&D strategy. • Greater awareness by UK research sponsors of potato industry research needs and better national alignment of strategic and applied R&D programmes. • Cross-sector and international opportunities to be exploited for the benefit of the GB potato industry.	• Ongoing R&D projects achieve their planned and stated outcomes and milestones. Project schedules published on website (ongoing). • Commission new research in the priority areas identified by the R&D strategy review. This will include topics that address production and storage issues and end-market quality. • Regular dialogue with industry, stakeholders, government and media and engagement with delivery partners.	• Reduction in government research funding reduces leverage and opportunities achievable through levy investment. • Government focuses on cross-cutting R&D rather than crop specific programmes. • Projects do not deliver planned outcomes. • Researchers fail to develop relevant proposals to address industry priorities. • Reduced capacity to deliver research due to a decline in UK Science Base	• Continue close relationships with AHDB Chief Scientist, DEFRA and Scottish Government. • Adherence to best practice principles for R&D • Proactively communicate with research community. • Close engagement with AHDB sector partners to identify and exploit collaborative R&D opportunities. • Active levy payer, industry, research & government engagement in the delivery of the new R&D strategy. • Develop a PCL fellowship scheme which includes industry mentoring scheme
Resource requirements: (excludes staff costs): £1630K R&D, £205K KT				

Outcomes 3 a & b: Consumer demand for potatoes is sustained

Strategy	Key outcome	Targets	Key risks	Key controls
Understand potato sales and consumption trends	• Information is provided on retail and foodservice market place • Industry has access to retail data at reduced cost • Information is effectively communicated to industry	• 13 issues of retail report* • Quarterly foodservice report produced* • Quarterly in home usage report* • Macro trends report • Increased visits to online knowledge hub * Reports written by Consumer Insight Team	• Centralised buying of market data could negate potato syndicate, which allows industry access to data at reduced cost	• Manage contract to ensure that syndicate continues
Resource requirements (excludes staff costs): £70K				

Strategy	Key outcome	Targets	Key risks	Key controls
Bespoke market research to drive marketing and NPD in industry; **understanding** market drivers	• Understand low users of potatoes; develop insight to sustain demand • Findings steer NPD and promotional activity within industry	• 20 meetings with key contacts • 5 factsheets • One major research project (TBC) • Complete tracking studies (minimum two per annum)	• Industry does not engage with findings	• Industry consultation and involvement in research programme and development of individual projects
Resource requirements (excludes staff costs): £150K				

Strategy	Key outcome	Targets	Key risks	Key controls
Promote potatoes to younger consumers: challenge rice / pasta	• Improve perception within pre / young family markets by 6% (July 2010 – June 2013) in attitudes towards: potatoes being healthy; likely to cook potatoes for a weekday meal; convenient.	• Run campaigns to deliver attitude change and act as a platform for industry collaboration. o 1 million visits to the consumer website per annum by March 2013 o 2 million recipe views o 175m OTS per annum	• EU spend prevents activities reaching critical mass	• Joint planning of activity to create synergy
Leverage additional funds through EU **promotional** campaign		• EC reporting and conditions met. • Roll out of EU campaign to deliver targets	• Reporting conditions are not met by AHDB	• Liaison with central services to ensure financial reporting • Management plans in place

Defend chips as single largest use of crop, **promote** positive messages	• Increased recognition of Chip Week as a platform to drive sales by partners and deliver positive messages to consumers.	• Run Chip Week and deliver: o 5% consumer recognition o Minimum 10 to 1 ROI on spend	• NCW threatened by concern over nutritional profile/ misconceptions over high spend	• Evidence on impact of NCW • Communication on value delivered
Educate next generation	• Children and young people engaged with potatoes.	• Maintain number of schools participating in Grow Your Own Potatoes (13000) • 10% of secondary schools to have downloaded resources. • Implementation of AHDB Joint Education Strategy	• Reduction in Government spending restricts school activities	• Minimise resources needed by schools
Leverage support from industry through **collaboration**	• Increase reach and results through consistent messaging and industry activity that builds on campaigns • Through their supply chains, where possible, engage with large retail and foodservice businesses	• Evidence of collaborative campaigning with industry • 10 e-newsletters • Quarterly activity planner	• Industry do not engage	• Involvement in planning and regular communication
Resource requirements (excludes staff costs): £950K				

Outcome 3c: the strategic importance of the potato is recognised by key stakeholders

Strategy	Key outcome	Targets	Key risks	Key controls
Create a compelling influencing and communication plan to **inform** on key health and sustainability messaging	• Recognition from Government and key influencers that the potato can play an important role in dietary health and food security, results in tangible benefits for the Potato Industry.	• Issues management programme for media fully reviewed and 10 issues by March 2013. • 10% shift in MP's positive perceptions of potatoes (to be confirmed after baseline survey Oct 2011)	• Balance needs of processed sector versus fresh on health issues • Government support it limited due to budget constraints	• Consult with industry to agree priorities • Seek support that can be implemented at no additional cost
Resource requirements (excludes staff costs): £115K				

Outcome 3d: Levy payers benefit from a high quality seed potato sector that meets customer needs and can take advantage of market opportunities.

Strategies	Key outcomes	Targets	Key risks	Key controls
Help seed growers to further grow their export markets through trade shows, inward/outward mission activity (NB. PCL will only undertake activity on seed potato exports, due to lack of market failure in the ware sector)	• Industry capitalises on market opportunities. • Value/tonnage of exports continue upwards trend. • Continued buy in from more joined up industry. • Closer relationships with key export countries at official level on plant-health, quarantine and import. • An increase in export tonnage from the previous 3 year average (2008/10 harvest years) of 93,361 tonnes. • Effective management of issues in export countries.	• Inward missions from min' 2 target countries • Effective outward missions to countries identified by industry consultation with good seed export potential • Attend major international trade events as agreed by industry. • Assist industry where issues arise in importing countries working with relevant authorities. • Provide a range of tools for use by GB seed exporters and importers. • Identify collaborative opportunities in overseas markets working with relevant authorities and research-with plan to action. • Identification of common export phyto-sanitary issues, collation of existing information, preparation of appropriate reports and future recommendations (one issue per year).	• Lack of engagement prevents involvement. • Country selection perceived as biased. • GB seed industry consolidates and works together negating the need for PCL. • Overseas countries don't fully contribute to the work. • The process identifies large gaps in knowledge.	• Sell technical role of PCL. • Transparency / Robust communication. • Proposals must be clearly defined and assessed by export sector, relevant scientific experts and R&D colleagues. • Identify future action through Seed/R&KT committees.
GB potato industry can be adequately supplied with seed potatoes.	• Protection of the high health status of GB seed. • Retain freedom from quarantine diseases. • Promotion of the benefits of GB seed. • Outputs of Customer requirements survey are communicated to all seed growers.	• Seed and Export Committee continues to drive seed and export strategy. • Visible promotion of the Safe Haven Scheme and new plant health campaign (consult industry by June 2011; develop and deliver industry toolbox thereafter) to ensure industry uptake remains in excess of 60% seed area so that scheme delivers wider benefits. • Hold specific KT events for the seed industry such as Potatoes in Practice and Seed Industry Event. • Represent seed industry on all seed consultations and regulatory negotiations to ensure best outcome and profile of PCL. • Provide tools for use by GB seed industry.	• Complacency towards Safe Haven Scheme. • Ring Rot outbreak on a safe haven farm. • Promoting benefits of GB seed-political repercussions. • Ware industry increases reliance on FSS. • The establishment of new organisms • Loss of land to new PCN directive	• Continue communication. • Work up crisis management plan. • Work with Seed and Export Committee • Work with industry and relevant authorities to ensure long term plant health is not compromised.
Resource requirements (excludes staff costs): £153K				

Outcome 5: PCL is recognised as the voice for the potato industry

Strategy	Key outcome	Targets	Key risks	Key controls
Understand the legislation to be effective at translating into actions for the industry	• Industry understands the consequence of new/proposed legislation, recognises PCL role and takes part in its development. • Industry understands contribution of PCL R&D and KT to business agenda and applies knowledge. • Technical ability of agronomists and store managers improves and is measurable by industry.	• Utilise best practice platform for pesticide and environmental stewardship activities and deliver ongoing CIPC stewardship action plan • Continued development of the restructured PCL website. Successful development and delivery of new digital communication tools. • Technical/advisory information delivered through range of media – up to 7 open days, 30 targeted meetings, 6 issues of Tubertalk, 10 Grower Gateway, agronomist and storage bulletins: all levy payers invited to at least 3 technical meetings. • Grower collaboration project achieves >100% increase in footfall. • PCL works with AHDB sector colleagues to ensure potatoes are represented within an agricultural training agenda. • SBCSR develops its role in agricultural training and continues to meet training targets set by DEFRA (EMDA grant condition).	• Businesses unable to operate under regulatory constraint. • Industry cannot agree value of collaborations. • Businesses fail to recognise value of training. • If new storage at SBCSR encounters problems during first use in 2011/12.	• Early proactive involvement in relevant policy activities. • Planned programme for engagement with policy makers, agencies and stakeholders. • Active involvement with the AHDB KT group to exploit synergies between AHDB and other agencies. • Active participation in AHDB CMS working group. • Planned stakeholder meetings to ensure “buy in”. • Industry participation in development and course accreditation.
Ensure PCL supplies accurate market intelligence through centralised function	• Potato Council has thorough understanding of business environment for potatoes and this informs all activity.	• *PCL/AHDB** undertakes a programme of market Information, to include weekly price & crop reporting, trend statistics on annual area, yield, production, supplies & disposals, imports, exports and retail trends (Kantar-sourced) plus food service market analysis data.	• Development of in-house expertise not phased with contracted services leading to loss of capacity.	• Ensure full engagement by staff, PCL Board and the MI committee. Ensure KPI’s are well documented and internal matrix management works.
Resource requirements (excludes staff costs): £261K + £134K in MI				

* Separate corporate division within AHDB

Potato Council Board

Allan Stevenson , grower, East Lothian (Chairman)
Robin Baines, grower, Norfolk
Tony Bambridge, grower, Norfolk
Anthony Carroll, grower, Northumberland
Robert Doig, seed grower, Perthshire
Fiona Fell, independent member
Zoe Henderson, independent member
Alistair Melrose, seed grower, Angus
Graham Nichols, grower, Gloucestershire
Tim Papworth, grower, Norfolk
David Rankin, grower/packer
Nick Tapp, grower/packer, Kent
Nick Vermont, processor
Duncan Worth, grower and packer, Lincolnshire

Abbreviations

AFS Assured Food Standards
AHDB Agriculture and Horticulture Development Board
BPTA British Potato Trade Association
CIPC Chlorpropham (sprout suppressant)
DEFRA Department for Environment, Food and Rural Affairs
EMDA East Midlands Development Agency
FPSA Fresh Potato Suppliers Association
FSS Farm-saved seed
KT Knowledge Transfer
NCW National Chip Week
NFU National Farmers Union
NPD New Product Development
OTS Opportunities to see
PCL Potato Council
PCN Potato cyst nematode
PPA Potato Processors Association
RERAD Rural and Environment Research and Analysis Directorate
ROI Return on investment
SBCSR Sutton Bridge Crop Storage Research
TSB Technology Strategy Board
WPC World Potato Congress

Annex 1.

Analysis of the Strengths, Weaknesses, Opportunities and Threats of the sector	
STRENGTHS	**WEAKNESSES**
Industry Structure ▪ Highly integrated and rationalised ▪ Relatively stable production ▪ Contract/commitment approach exists between growers/buyers ▪ Heavy investment on farm and supply chains ▪ Strong co-operation via PCL on key issues ▪ Sector supported by strong strategic/applied science ▪ GB Sector is world lead in environmental sustainability **Growers & Supply Chain** ▪ World leading grower base ▪ High quality production vs. competition through high quality specs' and expertise ▪ Good compliance to protocols vs. competition ▪ High commitment to storage: 3.5-4m tonnes (~50:50 fresh: processed) ▪ Responsive industry to consumer needs-e.g. health ▪ Good career prospects for industry entrants **Product** ▪ Valuable domestic market (£743m ex-farm; £3.5 bn consumer value) ▪ High consumer penetration at 97% ▪ Sophisticated, leading GB retail environment ▪ Demonstrates positive characteristics-healthy, filling, value for money ▪ Further growth potential in chilled product development ▪ Perceived as inherently "British", engaging current consumers ▪ Favourable climate ▪ Island status has safeguarded market and health status of crop ▪ Excellent break crop in the rotation **Export** ▪ Seed industry free from certain organisms (Ring rot, Dickeya etc) ▪ Key exporter of seed ▪ Safe Haven scheme recognised worldwide ▪ Government support in export ▪ Increasing range of proprietary varieties for export **Industry Bodies** ▪ PCL has track record in improving competitiveness ▪ Trade strengths through relevant organisations such as NFUs BPTA, PPA, FPSA.	**Environment** ▪ Limited availability of land and clean soil (issues of soil-borne pathogens) ▪ High user of energy, water and fertiliser, pesticides; residue concerns ▪ Lacks knowledge of performance in relation to carbon/water footprints ▪ Reliance on CIPC sprout suppressant that is a huge industry risk **Growers and Supply Chain** ▪ Grower base can be significantly change averse ▪ Variance between top 20% of growers and others (80/20 rule) ▪ Older age profile of industry at upper end across all sectors ▪ Lack of promotional, marketing, NPD expertise within industry ▪ Industry failing to use new knowledge effectively or is this KT failure? ▪ Significant defects affect marketable yield, estimated at £90 m loss pa ▪ Packing/processing rejects not utilised industrially (flake, granular) ▪ Storage profile creates major need for reinvestment e.g. bulk for processing **Product** ▪ Significant rise of processed imports over time ▪ Age profile skewed to older consumers/ heavy users ▪ Misperception of nutritional status and lack of positive endorsement **Export** ▪ Lack of promotional resources vs. overseas competition ▪ Increasing financial risk in seed production ▪ Increased freight costs via sea/air will impact exports (and imports) **Financial** ▪ Retailer dominance has affected farm gate ▪ Significant increase in external costs e.g. energy, fertiliser and transport ▪ Price and credit availability has affected ability to undertake capital investment **Knowledge Gaps** ▪ General lack of understanding/knowledge of some critical diseases ▪ Slow rate of varietal improvement and uptake ▪ Limited penetration of KT at middle-lower end of grower ability/scale ▪ Limited understanding of key components of physiology, biochemistry ▪ Lack of 'health related' research in pipeline ▪ Lack of new industry entrants - growers, scientists and technologists

OPPORTUNITIES	THREATS
Technology ▪ Compulsory food education/cookery in schools ▪ Improvements in food processing ▪ Develop understanding of key issues such as diseases, pests, inputs/costs ▪ Develop KT tools further ▪ Utilise communication developments for KT ▪ Store control/building design to improve efficiency e.g. energy losses ▪ Advanced computing for improved knowledge e.g. CIPC & PCN ▪ Accelerate exploitation of DNA technologies e.g. PCR diagnostics ▪ Genomics/GM technology, but longer term **Product/Consumer** ▪ Improve potato perception for versatility, convenience, health ▪ Capitalise on move towards scratch cooking, "naturalness" ▪ Exploit 'Britishness' through differentiation on quality rather than price ▪ Address competition from pasta/rice ▪ Engage consumer press with access to reliable potato information ▪ Develop further 'brand' opportunities for fresh/processed **Export** ▪ Increasing demand for British seed potatoes ▪ Collaboration/education to develop demand/tackle export restrictions ▪ GB science & technology delivering solutions for seed industry issues ▪ Evaluate and develop new markets (e.g. China) **Collaboration** ▪ Cross sector linkages through AHDB ▪ Address sustainability from environmental/economic viewpoints ▪ Engage with levy payers/stakeholders more ▪ EU potato promotion across until 2012, subject to funding	**Climate Change** ▪ Growing risk of adverse and unpredictable climate conditions ▪ Introduction of new pathogens affecting field and storage ▪ Increased virus/blight/pest and volunteer potato pressure **Legislation** ▪ Limited pesticides availability, high cost alternatives will affect production ▪ Water and soils will impact on current growing practices ▪ Labour impact on availability of workers and/or costs ▪ Environmental e.g. water and fat disposal in processing sector ▪ Acrylamide: potential to damage fresh and food service sectors **Product/Consumer** ▪ Reduction in demand ▪ Diminishing cooking skills , changing eating habits ▪ Imports (ref eastern Europe) ▪ Further growth of rice & pasta ▪ Negative media coverage e.g. waste, pesticides, GM ▪ FSA saturated fat campaign, impact on chips ▪ Trading climate influencing industry to sell on price, as a commodity **Export** ▪ Tightening of import conditions in some export markets ▪ Increase move to ware in Scotland impacting on clean land for seed **Research** ▪ Declining GB research base , a lack of practitioners for KT process ▪ Reduced crop-specific funding due to government policy e.g. LINK ▪ Science results slower to come through than required for key issues ▪ Fractures in research chain from basic science to applied research **Growers & Supply Chain** ▪ Reduced margins/cash flow issues a potential risk to supply base ▪ Large scale production not always compatible with precision farming ▪ Lack of succession/skills drain into other industries