CORNWALL AND THE ISLES OF SCILLY

OBJECTIVE ONE PROGRAMME

2000 – 2006

TASK FORCE

STRATEGY

AGRICULTURE, HORTICULTURE, FOOD

& OTHER LAND-BASED INDUSTRIES

CORNWALL AGRICULTURAL COUNCIL.

REPRESENTING ALL ASPECTS OF AGRICULTURE, HORTICULTURE, FOOD AND OTHER LAND BASED INDUSTRIES IN CORNWALL AND THE ISLES OF SCILLY.

JUNE 2000

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TASK FORCE STRATEGY FOR AGRICULTURE, HORTICULTURE, FOOD, & OTHER LAND-BASED INDUSTRIES.

Forward

This document provides the strategic framework which will enable the food and agriculture industry in Cornwall and Scilly to be developed over the next seven years. Within this document use of the word agriculture infers land based industry in its widest sense including horticulture, food, forestry and woodland and other land based industries.

It has been prepared by co-ordinating the considered views of many key players and partnerships from across all sectors of the industry. Importantly, the strategies which have been combined within the document have all been assessed and adopted by the full Cornwall Agricultural Council, which is a truly representative industry body.

Purpose

This is a working reference document which provides strategic direction to those developing project bids and also the Priority Management Groups who are responsible for the appraisal and monitoring of applications for funding which seek to develop the food and agriculture sector.

It is intended that the information contained within the collection of strategies should be used in conjunction with:-

- the Single Programming Document for Cornwall and the Isles of Scilly Objective One Programme, 2000-2006
- The Programme Complement, including project selection criteria and performance indicators
- Restrictions on State Aids and Investment Projects in the Agriculture and Food Sectors applying from 2000-2006

Supporting Strategies

Support for the steer contained within this document may be found in the following recently published strategies:-

- South West of England RDA. Regional Strategy
- The England Rural Development Plan (S.W. Chapter)
- Cornwall Structure and Local Plans
- Cornwall Biodiversity Action Plan
- NFU SW – New Directions for Agriculture
- Towards 2020 – A Tourism Strategy for the South West
- The English Forestry Strategy (A New Focus for England's Woodlands)

A1. STRATEGIC PLAN FOR THE DAIRY SECTOR

Introduction

Key features of the county's dairy sector:

- There are approximately 1,020 dairy farms in the area producing a total of 490 million litres of milk per annum;
- Locally produced milk is high in butter fat, making it very suitable for conversion into milk products;
- There are 19 dairy processors in the area which use around 345 million litres of milk per annum: a net figure of 150 million litres is processed outside the county;
- One large company (Dairy Crest's Davidstow plant) dominates the dairy processing sector with current milk throughput of approximately 300 million litres p.a. There is also a large number of smaller processors who mainly produce speciality cheeses, creams and ice creams;
- The value of milk sales at the farm gate is £78 million and the value of sales from Cornish dairy processors is £132 million; and
- The industry provides direct employment for approximately 3,500 local people and supports a further 5,600 jobs in Cornwall and throughout the UK through the wider multiplier effects.

Market Opportunities:

Taking account of the UK and European market trends, the following are considered to offer the best development potential for the dairy sector in Cornwall:

- Speciality cheeses
- Mature cheddar and suitable territorial cheese varieties
- Dairy desserts
- Yoghurts, fromage frais, crème fraîche and other fresh cheeses
- This sector embraces milk and milk products from all species including sheep, goats, buffalo etc.

A secondary tier of opportunity is provided by the liquid milk market, ice cream and organic products.

Objective 1 funding will give priority to products which are new to the area: standard cheddar and liquid milk developments may, therefore, have difficulty in receiving financial support from this source.

There are four routes by which these developments could take place:

- Through new on-farm processing
- By expanding the product range of existing businesses
- By expanding the Davidstow Creamery as a producer of mature cheddar
- Through new "green field" site developments by new entrants

Customer Perspective:

A small survey of the major customers of Cornish dairy businesses revealed that:

- Cornish dairy products are very popular with consumers: the traditional and rural image of the area acts an important promotional factor
- There is potential to sell more dairy products from the area
- The only real weaknesses in the sector are:
    - poor product marketing
    - the rather limited range of products on offer.
- Distribution was not perceived to be a problem from the customers' point of view.

Table 1
SWOT Analysis of the Dairy Sector in Cornwall

STRENGTHS	WEAKNESSES
· High quality milk supply · Davidstow · Higher & Further Education · Cornish identity/ brand image	· Variable farm assurance standards · Weak marketing of locally made products · Limited product range/processing base · Lack of entrepreneurial spirit · Peripherality · Fragmented and weak economic development support infrastructure
OPPORTUNITIES	**THREATS**
· Objective 1 funding · Market opportunities · New product development · Supply chain development · Tourism linkages	· Agenda 2000, CAP, quota · Falling Milk Prices · High Sterling Exchange Rate · Intense Competition
Source: DTZ Pieda Consulting	

A cluster analysis of the sector reinforces the important opportunities that could be exploited within Cornwall to the benefit of the sector. However, it is not sensible to view the region in isolation, therefore it is recommended that the outputs of this strategy are fed into the emerging sectoral strategy from the South West of England's Regional Development Agency's (SWERDA) cluster project.

Key Strategic Objectives

The **strategic goal** for the sector is:

> "To strengthen the supply chain in Cornwall's dairy sector by supporting both processors and producers in meeting customer needs and capitalising on market opportunities."

To achieve this there should be four **strategic objectives**:

1) To exploit existing and new market opportunities for dairy products
2) To build and improve the processing capacity in Cornwall by encouraging new starts, by reinvesting in and expanding existing businesses and by attracting inward investment
3) To improve the competitive performance of Cornish processors through bespoke business development support
4) To strengthen Cornwall's dairy farming base through improved production efficiency and improved marketability of the milk supply.

Support should be concentrated on the key stakeholders in the industry where the level of development need and economic impact from intervention is highest – specifically dairy processors (small and medium sized businesses) and dairy farmers.

Strategic Drivers

In striving to attain the four strategic objectives defined above, the following 'drivers' should be adopted as part of the overall strategy:-

- A **customer and market-led approach** is critical: outward-looking not inward-looking;
- **World class standards** in food safety, animal welfare and technological efficiency;
- **Innovation and creativity in new product development**;
- **Improved management skills** throughout the Cornish dairy industry;
- **Focus support on areas of high development need**: don't dilute scarce resources across the whole of the industry;
- **Effective communication and supply chain development**.

Priorities for Action

To achieve these objectives, a 21-point action plan has been devised outlining specific projects and initiatives that should be put in place over the next 2/3 years and beyond to support the industry. A ten year implementation period is planned which will extend to the year 2010.

Action Plan (2000-2010)			
Objectives and Supporting Actions		**Description**	**Timetable**
1. Exploit Existing and New Markets			
1.1	Brainstorming Workshop	♦ Processors and other industry representatives to review the strategy's market assessment of product categories and to prioritise market opportunities. The industry needs to take 'ownership'.	Year 1
1.2	Market Research	♦ Further research of market opportunities will be required. The level of detail in the strategy is insufficient to base investment decisions upon. Research can be generic for a group of processors or bespoke to the interests of specific businesses.	Year 1
1.3	Marketing Skills	♦ Support to processors to enhance their marketing skills. This could be through: - Awareness raising and education – visiting trade fairs, examples of good practice, etc., - Specific training support to improve marketing performance- either individually or on a group basis.	On-going
1.4	New Product Development	♦ Training in how to undertake NPD professionally; ♦ Focus on high value differentiated products; ♦ Support for processors undertaking NPD, in terms of grant support for new equipment, consultancy support, etc.	On-going
1.5	Trade Fairs & Inward Missions	♦ Target the key exhibitions which the Cornish dairy sector should attend; ♦ Promote the exhibitions to the sector; ♦ Support attendance through subsidised exhibition space, reduced travel and accommodation costs, etc. for participants; ♦ Organise inward missions in conjunction with the rest of the Cornish agri-food sector.	On-going
1.6	Cornish Branding	♦ Develop/agree on a common 'Cornish Brand' which can be used for the generic promotion of Cornish products – not just dairy products. ♦ The objective would be to brand Cornwall at UK exhibitions and for use in promotional literature for the dairy sector; ♦ In the main, Cornish dairy processors will prefer to develop their own corporate identity/brand.	Year 2/3 (Low priority)
1.7	Other Promotional Tactics	♦ Production of a hard copy directory and web site promoting dairy products from Cornwall. ♦ Again, this would most cost-effectively be executed in conjunction with the rest of the agri-food sector in Cornwall.	Year 2

Objectives and Supporting Actions		Description	Timetable
2. Build and Improve Processing Capacity			
2.1	Grant Support for New and Improved Capacity	♦ Access/develop grant funding mechanisms for supporting: - New start businesses; - Expansion of existing businesses; - Inward investors.	Year 1 (Priority)
2.2	Promote Cornwall as a Dairy Processing Region	♦ Develop information packs on the profile of the Cornish dairy sector, indigenous companies, available milk supplies and the availability of sites/premises in the County; ♦ Issue these information packs to relevant economic development agencies and target businesses; ♦ Inform those responsible for inward investment about the strengths of the region for inward investment; ♦ As part of farm diversification support, inform farmers of the opportunities afforded by downstream processing; ♦ Review the expansion potential of indigenous processors as part of the business support service (a number of companies are actively considering an expansion of their operations in Cornwall).	Year 2/3 Onwards (Lower priority)
2.3	Provide Business Development Support	♦ For businesses interested in building additional processing capacity in Cornwall provide the following range of service: - Pre-feasibility consultations; - Feasibility studies; - Support with grant applications and advice on Objective One; - Planning advice and guidance; - Assistance with project implementation; - Aftercare service.	On-going

Objectives and Supporting Actions		Description	Timetable
3. Improve Competitive Performance of Cornish Processors			
3.1	Develop Account Management System	♦ Develop an account management system with the following features: - Singly point responsibility for Cornwall's dairy processors; - Experienced business person with dairy experience; - Undertake Business Development Reviews with each of the processors to identify business development needs and suitability for support; - Develop action plans for businesses; - Networking support, monitoring and aftercare (quarterly meetings)	Year 1 (Priority)
3.2	Network Business Support Providers	♦ Develop a support network for the provision of bespoke business development support to the Cornish processing sector; ♦ Organisations to be reviewed include: - Public sector (SBS, Cornwall Enterprise, SWERDA, etc. - Colleges/Universities; - Taste of the West; - Consultants/business mentors	Years 1/2 (Priority)
3.3	Provide Bespoke Business Support	♦ Meet the needs of businesses across the full range of potential development areas, including: - Business planning; - Financial management; - Marketing/exporting; - HACCP and quality assurance systems; - Production management; - Upgrading premises, production lines, etc. - ICT - Logistics and distribution. ♦ Support provided on a one-to-one bespoke basis.	On-going
3.4	Provide Group Business Support	♦ Given the small number of Cornish processors, group support would only be viable if programmes were developed to meet the needs of the whole of the agri-food processing sector in Cornwall and possibly further afield in the south west; ♦ Cost-effective programmes can be delivered providing the number of participants is sufficiently high; ♦ Benefits of group working are also derived, industry networking, etc.	Years 2/3 onwards (if viable)

Objectives and Supporting Actions		Description	Timetable
4. Strengthen Cornwall's Dairy Farming Base			
4.1	Develop Support Infrastructure	♦ Identify, and then build relationships with support providers expert in the farming/dairy sector; ♦ As a minimum this would include Duchy College, Seale Hayne Faculty of the University of Plymouth and ADAS; ♦ Develop programmes of support which can be rolled out to Cornwall's 1,000 dairy farmers.	Years 1/2 (Priority)
4.2	Improve Production Efficiency	♦ Roll out programmes to improve the efficiency of dairy farms; ♦ Focus on: - Farm management skills (financial controls, human resource management, administration and record-keeping); - Developing/enhancing farm management systems; - Introduction/development of ICT on the farm; - Technical/production support – grassland management, milk yield, etc.	On-going
4.3	Attain Farm Assurance Standards	♦ Undertake a systematic programme of farm enabling producers to enhance compliance with farm assurance schemes; ♦ Roll-out development plans for those farmers who need to enhance their buildings and practices to meet the national standard; ♦ Provide grant assistance to support the cost of upgrading the parlour area, food stores, etc.	Year 1 Years 1-6 assistance
4.4	Facilitate Farm Diversification/Exit	♦ Provide financial support and guidance under Objective 1 funding for farmers who wish to diversify their farm businesses; ♦ Encourage diversification into dairy processing only where appropriate. ♦ Provide support to those wishing to exit the industry.	On-going
4.5	Support Collaborative Initiatives	♦ Encourage & support initiatives such as - sharing of milking equipment between farmers; - farmer investment in downstream processing (joint ventures / co-operatives) ♦ Subject to commercial viability	On-going
5. Other Development Areas			
5.1	Information Provision	♦ Produce a Cornish dairy newsletter for issue to all of the dairy industry on a quarterly basis; ♦ Again, there may be merits in considering an industry-wide publication which, say, every quarter profiles the dairy sector in detail; ♦ One-off information circulars which are particularly important; ♦ Use of a dairy web site should also be considered.	Year 1 (Priority)
5.2	Rationalise Milk Haulage	♦ The vast majority of all liquid milk transported in Cornwall is handled by three companies (Dairy Crest, Unigate and Milklink); ♦ Eliminate unnecessary duplication and rationalise milk collection and distribution services to effect cost savings to the industry of approximately £1.3 million – see below.	Years 1-2

Farm Milk Collection and Transport

Falling milk prices, rising fuel bills and fragmentation of ex-farm milk collection arrangements following deregulation in 1994 have combined in recent years to increase proportionately the cost of collecting milk from farms and moving it to processing sites. Typically these costs now reduce the net return to farmers by about 10% whereas as recently as 1990 the figure was less than half that.

The true average cost of collecting milk from farms in Cornwall and delivering it for processing is not known. It is unlikely, however, to be less than 1.75p per litre at which level it represents a total annual cost of £8.6 million.

Milk collection in Cornwall is almost entirely undertaken by only three organisations: Milklink (who use the services of an independent contractor), Dairy Crest and Unigate. Dairy Crest and Unigate tend to collect respectively in the east and west of the county with Milklink collecting from members in all areas. Substantial duplication of routes exists with obvious potential for savings if rationalisation could be organised.

Using as a guide the increases in per litre haulage costs which occurred following the dismantling of the old Milk Marketing Board haulage arrangements, it is estimated that savings resulting from rationalisation should not be less than 15% of the average haulage cost or 0.26p per litre equivalent to £1.3 million a year.

Rationalisation of milk collection arrangements would obviously require collaboration between the organisations involved and would raise operational issues to do with supplier relations which only they could address. No attempt to address these issues can be made here.

Implementation

The following factors should be accommodated within the delivery mechanism:

- There are existing organisations which, in some cases, offer highly relevant support services / research projects to the benefit of the dairy sector. The new delivery mechanism should understand what these are, integrate them into the delivery mechanism where relevant and disseminate this information to potential beneficiaries;
- To capitalise on the opportunities offered by Objective 1, certain approval procedures will need to be adhered to. The new delivery mechanism should act as the voice of the sector and present the industry's case through the **Task Force for Food and Agriculture** and to the Objective 1 secretariat. It should then act as an umbrella organisation which has delegated power for specific projects and initiatives which support the sector.

It is recommended that the delivery mechanism should be called the ***"Dairy Sector Group"*** which would consist of ***The Dairy Management Board*** – the successor body to the current Dairy Focus Group; and ***The Dairy Sector Team*** – a two person team with responsibility for advising on Objective 1 funding applications, promoting development initiatives within the dairy farming sector and advising/ networking relevant support services to dairy processors, under the **strategic co-ordination of the Task Force for Food and Agriculture.**
The cost of running the Group should be sought from the Objective 1 Programme for the period up to 2006.

Source of Strategy: This strategy has been submitted by the Cornwall Dairy Focus Group on behalf of the industry. It is a summary of the main features of the **Cornwall Dairy Sector: Strategy and Action Plan** commissioned in February 2000 and undertaken by a joint study team comprising DTZ Pieda Consulting and Agri-Food Market Analysis. The full strategy is available from the Dairy Focus Group.

A2. STRATEGIC PLAN FOR THE PIG SECTOR

Introduction

- Cornwall's pig population has declined by 12% over the past decade (twice the UK rate), and is now below 7,000 breeding sows. The UK pig population is seventh amongst EU member states. (Eurostat 1998).

- The biggest problem has been the high volume of imports, made attractive by the prolonged strength of the £. The cost of compliance with high welfare standards, the over-capacity in the processing sector, the cost of offal disposal and inspection at slaughter together with the steady demise of smaller local abattoirs, are all factors that continue to threaten the sector.

- **Opportunities**, however, do exist, through further producer involvement with the prominent players in Cornwall, i.e. St Merryn Meat, Roach Foods, and Ginsters. It is of great importance that the Cornish pig industry addresses what these outlets want.

- Quality assurance schemes, niche markets, including traditional breeds, and organic production also present a way forward.

- The pig sector creates an important demand for local cereals.

Key Strategic Objectives

1) Promote and encourage welfare-friendly pig-keeping systems.

2) Focus producers on assurance schemes that are already established, e.g. Quality Standard British Meat and RSPCA Freedom Foods.

3) Make best use of any Pig Industry Restructuring funding.

4) Improve sector communication at producer level.

5) The promotion of clear guidance from MAFF on the relaxation of pig sector state aid restrictions and conditions at the outset of the Objective One programme.

Priorities for Action

a) Establish talks, especially with Ginsters and also St Merryn Meat and Roach Foods. **This is of paramount importance**.

b) Form a sub-group to look at partnership working to develop organic pig meat.

c) Conduct a study into the feasibility of totally free-range production.

d) Establish technical links with other pig producer groups in the South West and make wider use of the NPA.

e) Provide technical support to enable compliance with assurance requirements.

Implementation

The Task Force recognises that the Cornish Pig industry is a weak and vulnerable sector in need of specific facilitation assistance, possibly in partnership with Red Meat sector activities with support from the Food Promotion and Organic initiatives.

Source of Strategy: NFU Regional Office

A3. STRATEGIC PLAN FOR THE POULTRY SECTOR
(Including Turkey, Chicken, Layers and Ducks & Geese)

Introduction

- The County is very active as far as eggs are concerned, with two prominent packers providing outlets for many farmers and supplying the needs of supermarkets. They are Stonegate Farmers, at Liskeard, and Freshlay Food on the county border, who collect into Cornwall.

- There are many small genuine free-range producers who would benefit from some marketing assistance.

- The biggest problem at the moment, and has been for some time, is the disposal of spent hens (old chickens which have stopped laying). A study into resolving this problem was commissioned by the NFU under Objective 5(b) and its findings are still being progressed, in liaison with FRCA, with a view to using possible Objective One funding to establish a badly-needed processing plant for this product in the county.

- More work needs to be done on the marketing opportunities for Cornish branded product in all poultry sectors. Cornish Quality Chicken is a prime example and one that needs fostering through a group approach. Egg products are identified as an expanding marketing opportunity.

- Much of the poultry sector has well-established marketing mechanisms. However, there is evidence that lack of marketing expertise has been a real constraint on the development of those poultry enterprises that have been set up as diversification projects by many Cornish farmers.

- The poultry sector creates a significant demand for local cereals.

Key Strategic Objectives

1) To establish a processing plant for spent hens and making it work to farmers' marketing advantage. (Based on 5(b) feasibility study).

2) Producers working more closely with the two groups in Cornwall on eggs, i.e. Stonegate Farmers and Freshlay Food.

3) Small scale egg producers working together to market Cornish branded eggs and poultry meat.

4) To organise a 'clearing house' for turkeys, especially at Easter and Christmas, on behalf of farmer members.

5) To further explore the marketing requirements for organic poultry and egg products and other speciality products.

6) The development of a plant for egg products within the area.

7) Further development of the Cornish Chicken brand.

8) The promotion of clear guidance from MAFF on the relaxation of the poultry sector state aid restrictions from the outset of the Objective One programme.

Priorities for Action

a) The spent hen plant, as it will bring very wide benefits.

b) High profile advertising and promotion of the Cornish Chicken and Egg brands. Joint ventures would be particularly helpful to the industry.

c) Co-ordination of the many fragmented small-scale producers, especially with a view to linking them into marketing and branding support.

Implementation

The Task Force notes that additional facilitation will be required to implement this strategy.

Source of Strategy: Paul Cooper – NFU SW Regional Poultry Specialist

A4. STRATEGIC PLAN FOR THE RED MEAT SECTOR
(AND OTHER NICHE LIVESTOCK AND LIVESTOCK PRODUCTS)

Introduction

The Cornish Red Meat Sector incorporates 3,648 holdings and is worth approximately £100 million per year (Source: Cornwall and Isles of Scilly Single Programming Document Draft). In common with most other agricultural sectors, the red meat sector has experienced dramatic reductions in the value of its outputs due to the BSE crisis, imposition of an export ban, reduction in demand, and limited outlets. In addition the strength of sterling has caused significant reductions in both livestock prices and CAP premiums.

As 30% of Cornwall's agricultural holdings are involved with lowland cattle and sheep production, any further decline in farm incomes will have a marked effect on the rural economy. However, with the advent of Cornwall being awarded Objective One status, the Cornish Red Meat Sector feels it is well placed to take the opportunities provided by this programme to implement structural change and improve the incomes of farms involved in this sector. Attention needs to be focused on consumer requirements and must also address the changes in farm size/numbers as well as globalisation of production.

Strengths

- Wide range of business size, production methods and breeds
- Wealth of experienced livestock producers
- Innovative producers e.g. EID trials
- Presence of several modern abattoirs
- Area has a net increase in livestock numbers
- Strong county image and a developing brand image
- Good climate for grass production
- Only export abattoir in country
- Committed industry

Weaknesses

- Wide range of business size, production methods and breeds
- Limited number of abattoirs and customers and a lack of processing facilities
- Lack of co-operation
- Loss of ownership of farm outputs past the farm gate
- Lack of investment capital
- Variable level of technical knowledge
- Distance to market outlets and lack of access to local customers
- Inconsistent quality of stock

Opportunities

- Additional processing of product
- Branding, based on strong county image
- Improved training in stock selection and management
- Breeding improvement
- Improving consistency of stock quality and supply
- Co-operation

- Mentoring schemes to share best practice
- Direct Selling and marketing especially to the tourist industry
- Use of electronic identification as an aid to better livestock management and traceability

Threats
- Falling farm incomes
- Strength of the £ / Weakness of the Euro
- Continued export restrictions
- Red tape and increasing cost of product assurance
- Reduction in the number of abattoirs
- Lack of producer power when marketing their livestock
- Reduction in production subsidies under Agenda 2000
- Imports
- Continued marketing of an undifferentiated product
- Decline in demand for red meats

Key Strategic Objectives

At a recent meeting of the steering group for this strategy, which is comprised of the people listed in section 6, the strategic objectives for the red meat sector were divided into three areas which when combined will bring about the overall objective of improved farm incomes:-

1) Breeding
- Performance recording of stock to accelerate sire and dam improvement
- Improved herd management expertise and technical training
- Mentoring scheme linked to sharing best practice
- Data transfer from birth to carcass to assist advances in product quality and consistency
- Improved transfer and availability of information
- Use of new technology to assist stock traceability

2) Feeding/Management
- Increase the use of electronic identification of animals
- Improve grass land management techniques
- Research into feeding regimes and share of best practice
- Increased level of training and education in order to improve the technical and management skill levels of the industry
- Increased use of weighing and data recording to facilitate accurate weight gain information and the correct application of medicines
- Development of more cost effective housing and rearing techniques
- Facilitate cost saving initiatives such as bulk buying and machinery/labour rings

3) Selling
- Increased development of the food chain including both horizontal and vertical integration to improve added value
- Farmer ownership of processing facilities
- Develop partnerships throughout the food chain especially abattoirs

- Assist the re-development or upgrading of livestock markets
- Promote branded product under one brand e.g. Cornish King and ensure that links are forged with other food sectors to avoid duplication. Assistance must also be given to other brands that promote quality products in this sector if the use of 'the Cornish brand' is not appropriate
- Increase promotion of product and consumer education
- Facilitate recipe development and food technology centres to assist new product development
- Investigate 'food parks' so that the processing of agricultural products is concentrated on a number of sites
- Better use of animal by-products
- Make more use of Cornwall's high quality environment in marketing products, including extensive systems and high welfare

Priorities for Action

From the above list it is difficult to prioritise any specific objective as they all need to be combined in order to ensure the structural change necessary to prevent the further decline of the industry. However, some action statements can be made that encompass the needs of the sector:-

a) Improve the **technical abilities** of producers in order to improve quality and consistency of production and to reduce production costs
b) Improve the traceability of animals and ensure that **data capture** is used to help guarantee product safety and quality as well as improving herd management.
c) Promote the use **of electronic identification**
d) Develop the marketing chain to include re-development of traditional **cattle markets** into centres for rural business
e) Develop the food chain to include partnerships with abattoirs, processors, distributors, etc. in order to **retain ownership** of the product beyond the farm gate and to ensure a more even distribution of product value
f) Develop the market for regionally branded foods and increase the awareness of both Cornish and South West meat to the end consumer via regional brand(s)

Funding Links

The Objective One Single Programme Document provides ample opportunity for accessing funding to satisfy the above action statements. The specific measures are as follows:-
Measure 1.1: Creating the economic conditions for competitive SMEs – ERDF;
Measure 1.2: Financial engineering for SMEs – ERDF;
Measure 1.3: Developing competitive business – ERDF;
Measure 1.4: Processing and marketing of quality agricultural products – EAGGF;
Measure 1.5: Supporting the entrepreneur – ERDF;
Measure 1.6: Developing sectors with growth potential – ERDF;
Measure 1.7: New employment opportunities – ESF;
Measure 4.4: Training – EAGGF;
Measure 4.6: Promoting the adaptation and development of rural areas – EAGGF

Funding will also be sourced from other organisations such as:-

MAFF	SWERDA	Prosper
MLC	NFU	Cornwall County Council
Private Sector	Banks	

Implementation

The Task Force will be required to offer facilitation, support and encourage participation, but suggest that South West Quality Meat take the lead on implementing this strategy in conjunction with the key players in the Cornwall Food Group and Dairy Focus Group initiatives. Efforts should be made to increase the involvement of existing significant companies, e.g. livestock auction markets and major processors, especially St Merryn Meat.

Source of Strategy: The following people came together to develop this strategy for submission to the Food & Agricultural Task Force on behalf of the Cornish Red Meat Sector:

Mr David Rodda – Rural Economic Partnership Ltd
Mr Roger Whilding – Horticulture 2000 Ltd
Mr Frank Yeo – KVN Stockdale Ltd
Mrs Claire Parnell – Cornwall Quality Livestock Producers
Mrs Liz Bowles – ADAS
Mr Peter Morris – National Farmers Union
Mr Tom Foot – Cornwall Quality Livestock Producers

A5. STRATEGIC PLAN FOR HORTICULTURE & POTATOES *

Introduction

The Cornish horticulture industry has an annual turnover of roughly £70 million, of which roughly half comes from edible crops, mainly potatoes and winter cauliflower, and the rest comes from ornamentals including narcissus flowers and bulbs, pot plants and cut foliage.

Opportunities

- **Potatoes**. This sector has suffered from severe competition both on early ware and crisping potatoes. The Cornish King range of products into supermarkets is gathering pace, but the traditional very early ware market is relatively weak. Good scope to improve the product and further develop a strong brand.
- **Fruit**. Good scope to increase fruit production, particularly strawberries.
- **Vegetables**. Variable seasons, better crops and in 1999/2000 stronger UK markets. Cornish King has helped to maintain the position. Scope for wider range of all year round products and the need to develop processed product.
- **Foliage**. A new development with good scope for some further expansion, either for mixed flower bunching or straight foliage packs.
- **Cut Flowers**. A relatively small production base. Scope to develop Freesias and Anemones, particularly for more local markets.
- **Daffodil Bulbs and Flowers**. 20-25% of world market grown in Cornwall. Crop has expanded rapidly (+ 35-40%) since 1995. The sector has a good marketing infrastructure, but further marketing and promotion is necessary.
- **Herbs**. New Herb group formed, large scope to develop herbs for culinary and medicinal use.
- **Organics.** Working with Organic Southwest project.
- **Plants**. With Eden and other market opportunities, huge scope for new plant promotion, production and development.

South West Horticulture 2000 was set up in 1995 under Objective 5b to stimulate a regeneration of horticulture in the South West Objective 5b area. Two sector groups (vegetables and potatoes) and twelve enterprise groups aimed at specific business development opportunities, were set up to plan and direct Objective 5b funding into R&D, marketing, promotional activities, business support, and technical consultancy. In conjunction with inter-linked capital funding projects, this has helped to slow down the decline in the winter vegetable, early potato, and swede industries, and has contributed to encouraging growth in the production of narcissus bulbs and flowers, other cut flowers, cut foliage, pot plants, strawberries and mushrooms. A major achievement of *South West Horticulture 2000*, was the creation of *Cornish King*™ and the *Peninsula Plants* brand, which are increasingly used to market premium quality produce to supermarkets etc.

Delivery of the present *South West Horticulture 2000* business plan will be completed in March 2001, by which time over £11 million of Objective 5b funding will have been invested in the South West horticulture industry, of which over 80 per cent will have been invested in Cornwall. This has helped Cornish horticulture to embark on fundamental modernisation and re-development. Objective 1 provides an opportunity to build on and consolidate the successes of the last five years, and to place Cornish horticulture in the best possible position to exploit the opportunities for growth and increased profitability presented by the global marketplace for premium quality branded produce in the new millennium.

Key Strategic Objectives

1) Draw together all Cornwall-based enterprise groups set up by *South West Horticulture 2000* under the following six sector umbrella groups.
   - Potatoes
   - Vegetables and fruit
   - Narcissus bulbs and flowers
   - Other flowers
   - Foliage
   - Pot plants
2) Manage and develop groups, and work with other existing groups to maximise the returns from and cost-effectiveness of Objective 1 funding.
3) Facilitate, negotiate, manage and deliver a balanced capital investment programme, particularly in processed products i.e. vegetables and potatoes.
4) Facilitate, negotiate, manage and deliver revenue investment plans for each group.
5) Promote and support the wider uptake of re-gional branding for premium quality horticultural produce using *Cornish King™*, *Peninsula Plants*, and other brands developed under *SW Horticulture 2000*.
6) Identify development needs, and plan, manage and deliver a co-ordinated programme of development and technology-transfer activities (linked to strategic R&D funded by MAFF, the HDC or other industry bodies) to improve the quality, consistency, diversity and sustainability of Cornish horticultural produce.
7) Improve business efficiency by providing marketing services, business support, technical consultancy, training, and facilitation of machinery and labour sharing to businesses within groups.
8) Link in with the Cornish Food Group's activities.
9) Act as fund-holder for activities as appropriate.
10) Monitor industry performance and report progress to MAFF/FRCA/GOSW.
11) Increase efforts to communicate and promote the regeneration activities of the umbrella project for horticulture in order to encourage full industry involvement.

Priorities for Action

a) Develop, expand and strengthen the existing and new enterprise groups, encouraging wider participation through 'open' groups.

b) Form links with The Cornish Food Group and the food wholesale distribution/production, marketing and promotion centres.

c) Development of a wider range of quality vegetable/potato products, both primary and processed product to local, regional and national markets.

d) Further develop the production of a wider range of foliage.

e) Enhance the promotion of foliage, flowers and bulbs.

f) Further develop and expand plant production.

g) Improve professional competence and standards of practice through technology transfer and training.

h) Reduce environmental impact by increasing business efficiency.

i) Strengthen consumer perceptions of Cornwall as a place and as a supplier of premium quality goods and services, with a strongly attractive and consistent regional identity - Cornish King.

Implementation

The Task Force recognises the substantial impact Horticulture 2000 has made within Objective 5(b), but would wish to see a **wider industry base** directing the delivery of Objective One. It is proposed to establish an umbrella project involving both capital and revenue capability under the direction of an enlarged *South West Horticulture 2000*, or its successor. This project would facilitate, invest in, or otherwise support the further regeneration of Cornish horticulture and potato sectors, using the structures and mechanisms established by this industry-owned organisation during the Objective 5(b) programme.

Such an umbrella project would have the following features:-

Title:	Re-generation of Cornish horticulture		
Lead contractors:	*SW Horticulture Ltd* **and partner(s)**		
Funding partners:	EAGGF		
	MAFF		
	Private Industry including HDC and other Industry bodies		
Groups:	Potatoes, Vegetables, Fruit, Narcissus (bulbs and flowers), Cut Flowers, Cut Foliage, Pot plants, Bedding & Shrubs, Herbs.		
Indicative Cost:	Revenue:	£ 3.88m	
	Capital:	£11.55m	
Indicative Funding:		*Revenue*	*Capital*
	EAGGF	£1.45m (37.5%)	£2.31m (20%)
	MAFF	£1.45m (37.5%)	£2.31m (20%)
	Private	£0.97m (25%)	£6.93m (60%)

Source of Strategy: Presented by Chairman and Directors of South West Horticulture 2000 Ltd. and approved by the Company's Steering Group.

A6. STRATEGIC PLAN FOR COMBINABLE CROPS

Introduction

- The long term aim is to direct and use grant aid to develop a long term sustainable agricultural industry, and in particular, arable sector, which will be competitive both in UK and world markets.
- The creation or maintenance of **employment** both within the industry and the ancillary services should be encouraged.

  Achievement of this objective will go some way to providing for opportunities for young people to come into areas of the industry. The current age structure of farmers is unsustainable in the long term and if unaddressed will lead to significant changes in farm structure within the county.
- It has been identified that the benefits from processing and adding value to products within the county are likely to have a great influence on the prosperity of the industry; without doubt it provides one of the best areas for generating employment.
- Tillage crops account for 26.4% of the total crop and grass area in Cornwall. Gross output from cash crops (excluding horticulture and potatoes) is estimated at £33m before any added value. (Exeter 1998/99 figures).
- The structure of holdings in Cornwall is very small. Only 10% of holdings are over 100Ha. It is questionable if the current structure is sustainable. It will be necessary to look at opportunities that will provide cropping or management structures that can retain the current fabric of units. Adding value by processing in the county may give increased returns where the businesses are farmer-controlled.

Strengths

- The **commitment** to agriculture by those involved both directly and indirectly within Cornwall is unquestionable. This must be harnessed to drive forward the proposals being made.
- With a high proportion of **livestock** based industries within the county, this is a ready-made market for cereal products which should be examined and developed.
- Close **access to ports** creates potential for new markets on the continent. Links with foreign processors and the development of export facilities should be encouraged.
- The **image that Cornwall portrays** as an attractive rural county should be harnessed and used to advantage in the marketing of products.

Weaknesses

- With a **maritime climate**, disease pressure is high and associated costs discriminate against local producers. **Geography and topography** are major limiting factors to the area's producers. The **infrastructure** of units in Cornwall tends to be less well equipped than other regions particularly with regard to grain storage, handling, etc.
- **Markets** are limited by distance, transport cost, and the lack of local processing facilities, e.g. sugar beet, vining peas etc.

- With such a diversity of climate and soils, the **production technology** available does not always meet or relate to Cornish conditions.
- With many producers managing mixed enterprises, there is a **dilution of the technical skills** and ability that is found on farms run on a pure arable basis.
- Higher production, welfare and management standards produce a heavy burden on working farmers both in keeping up with changes and **complying with new requirements.**

Key Strategic Objectives

1) Marketing:-

- Development of an identified Cornish Brand with suitable traceability.
- Improve direct contact/liaisons with Europe as shipping is competitive with road haulage for premium products, e.g. malting barley.
- Encourage and develop group marketing to gain economies of scale.
- Integration with wholesalers and retailers.

2) Reducing Production Costs:-

- Develop systems to enable family farms to co-operate on a formal basis, to tackle production costs, yet retain their identities e.g. through promotion of machinery-sharing or syndicates and setting up model structures for co-operation between farms.
- Attract, or develop new processing facilities.
- Secure money for expansion of Kernow Grain to reduce unit costs; addition of small bins for organic/niche crops.
- Tillage system investigations to reduce costs.

3) New Crops:-

- Development of new crop opportunities should be linked, where possible, to local processing facilities to add value. Movement away from world commodity crops may reduce the risk of adverse market movements; e.g.:
  - Oilseed crops – specialist oils, pharmaceuticals etc.
  - Industrial crops – biofuels, starch etc.
  - Fibre crops – flax, hemps, miscanthus etc. plus associated processing facilities.
  - Energy crops – S.R.C.
  - Niche crops – herbs.

  NB linkage should be made to other existing projects developing fibre and energy crops.
- Sugar beet? Rhizomania-free area. Benefits to livestock producers from by-products, if local processing facility.
- Need to develop arable crops which may be grown on ineligible land which can give a realistic return. In the long term these unsupported crops may prove to be a secure source of income.

4) Other systems:-

As the long term objective is to develop a sustainable agriculture, it is necessary to consider other systems of production which may not be considered conventional. This may hold opportunities for certain producers, and funds must be made available to develop them. **Organic systems** are most obvious, but consideration to wider **agri-environment schemes** should also be given, and an examination of how returns to the grower for adopting such systems could be achieved.

Another option that needs to be looked at is linking countryside management with other industries or land use.

5) Adoption and Use of Technology:-

- Establish Cornish-based **trials centre** for crops. [Production technology is important to all growers in Cornwall. With an area so diverse in soils and climate, and with such high disease pressure, specific technical information and field trials are required to maintain growers' advantages in comparison with other areas.]
- Linkage should be made with existing centres of excellence. Kernow Grain Ltd. wish to explore and develop the potential of the trials that already exist and possibly link with ARC to provide a wider database of information to the current growers.
- Liaison with centres of excellence e.g. colleges, research stations, the Eden project.
- Information technology training and development must address the challenge of uptake by an ageing agricultural workforce.
- Develop a programme where crop recording systems within the county could be **standardised** and give support to the traceability issue and buyer confidence.
- Computer mapping / precision farming: how to make the technology available to our smaller units.
- Use of e-commerce, web-based information and resources.
- Resources to be available for changes in IACS submissions etc.

6) Training:-

- Provision of relevant training to all levels (farm staff, managers /owners) in the production chain is essential. This should be available both for production skills and also the new technology, environmental business skills that may be required by many in the production, processing and supply chain.
- The provision should be made readily available on a local basis without being overcomplicated and identify the time and resources that individuals may have available.

Priorities for Action

a) To continue to develop, promote and fund the **trials work** set up by Kernow Grain that can have a fast and direct benefit to a wide range of Cornish producers.

b) To support **co-operative grain storage** and expand the facilities available, thereby reducing unit cost to producers, enabling them to add value and comply with standards of hygiene and traceability required by the market.

c) To support **investigations into the market place**, be it for export, processing or local livestock farmers and build links to supply those markets most effectively with traceability and local branding. Also to use such investigations to identify potential new crops and their associated market.

d) To improve **technical training** of producers, particularly with regard to computers, the internet and information transfer, and adoption of new practices.

e) To promote a **positive collective attitude** in the agricultural community: success breeds success.

Implementation

- An effective system is required to move funds quickly and efficiently to where they are needed and to ensure that the funds available in any one year are not lost.
- It is not reasonable, or possible, to expect that those who give of their time freely can manage all this, particularly when they may be in competition with other sectors that have significant funding for their research and presentations. It is very important to stop trading in just goodwill.
- We consider that the **immediate requirement** is to provide funding for the appointment of the necessary staff to research and drive forward the ideas and opportunities stated in this strategy with the minimum delay so that the sector can reap the maximum advantage.
- The combinable crops sector requests that the Task Force for Food and Agriculture assists by co-ordinating such funding and appointments.

Source of Strategy: John Moss, Mike Hambly, Ian Biffen, Keith Marks, Paul Harris

A7. STRATEGIC PLAN FOR INDUSTRIAL, NOVEL AND ENERGY CROPS [Including Energy, Novel, New, Oils, Dyes, Fibre & Composting]

Introduction

The draft Special Programming Document specifies an aim to 'Improve the competitiveness of business and the creation of new businesses through the provision of high quality support, advice and the development of new opportunities for growth'.

It is recognised that there is a need to encourage innovative behaviour and practices and that high quality support and advice pre start-up and in the early period of trading is essential to this aim, along with the availability of appropriate and conveniently located research and development facilities to support the business base in the quest for new products and processes. Such provision also increases the likelihood that new businesses in new sectors will emerge within the County.

This is particularly true when considering the agricultural sector of 'Industrial Crops' which is embraced by Measure 1.4: Processing and Marketing of Agricultural Products – EAGGF and Measure 4.6: Promoting the adaptation and development of rural areas.

During Objective 5(b) SWIC has successfully completed considerable development work and feasibility studies on novel and industrial non-food crops and is poised to encourage new businesses based on the findings of these studies. Alongside this, SWIC recognises a need for further product development and, equally importantly, training and IT to inform the agricultural and manufacturing sectors of opportunities in the area of industrial crops. Much preliminary work has been done in Europe on the use of agricultural materials for industry - Cornwall has a unique opportunity to take this research forward into the marketplace and become a market leader in the small but expanding area of industrial non-food crop growing, development and processing. High quality and traceability must be a goal of any industrial crop and product development from the outset.

In addition, SWIC sees the opportunity to build on experience within the Objective 5(b) programme in the fields of energy cropping and anaerobic digestion, and seeks to expand the use of biomass-for-energy building on first market demonstrations within the region.

A simple SWOT Analysis for industrial non-food crops highlights the importance which these crops could attain in Cornwall within the Objective 1 period:-

Strengths:

- Considerable expertise in the area of industrial crop development both commercially and in pre-market crop and product development.
- An innovative and flexible farming industry which has identified a need and a will to diversify, preferably within agriculture.
- A range of farm types and sizes with varying soils and climates which will embrace a number of different industrial crop opportunities.

- An acknowledgement of the necessity of adding value to crops grown in a peripheral region with high transport costs.
- A willingness to supply on-farm and rural processing for agricultural based industry.
- A large, under-employed workforce with transferable skills for new technology.
- A large existing energy reserve currently under-utilised in the County's trees and woodlands.

Weaknesses:

- No market, therefore no supply for energy crops.
- No product development facility.
- No focus for information dissemination.
- Little finance available within the county and considerable start-up capital often needed.
- Uncertainty of the market place. Lack of understanding about the market place presents a barrier for development.
- As yet no Vertical Integration of the production, processing and marketing and utilisation chain which is needed when addressing new areas of technology.
- Farmers will not plant energy crops unless a sensible price for their product is available.
- Lack of infrastructure for wood as an energy crop.

Opportunities:

- National leaders for innovative industrial crop production.
- Well placed, because of high visitor numbers, to become THE national renewable energy demonstration centre.
- Considerable environmental benefit as a result e.g CO_2 reduction for energy crops, environmentally produced dyes, (specific habitat creation giving the crops life), and opportunities to recycle organic waste.
- Potential for sustaining rural employment. With income from conventional food related production continuing to be under pressure, non-food crops will provide viable alternative income source from the cropped land areas.
- First Line Processing Potential. The adoption of industrial crops does allow for the development of first line processing businesses within the rural environment, with major rural labour use potential.
- New markets and potentially large markets.
- The possibility of exporting both goods and know-how (if appropriate).
- Linkages with other processes such as organic industrial waste treatment and waste minimisation.
- Flexibility of crop production and processing to allow for rapid diversification if climate change threatens traditional agriculture.
- Organic production of SRC. Consumer appeal.
- Biomass “briquettes” or pellets for domestic or larger scale heating applications.

Threats:

- Lack of Expertise/Entrepreneurs in traditional agriculture.

- Increased competition in the medium term.
- Development in Eastern Europe.

It can be seen from the SWOT analysis that strengths/opportunities far outweigh the weaknesses/threats and that Objective 1 funding can be utilised to minimise the negative components of the SWOT analysis.

Key Strategic Objectives

- To welcome initiatives in Cornwall from the UK's leading players in biomass energy and work with them to set up joint ventures.
- The adoption of industrial non-food cropping and processing in Cornwall. The scope of Industrial Crops to embrace both industrial cropping to replace artificial oil-based derivatives such as plastics, dyes, fragrances and to supply biomass for energy.
- To achieve up to a 5% conversion of cultivated land areas to industrial crops by 2010.
- To achieve at least 10% displacement of Cornish Energy Use by 2010.
- To achieve the integration of the interdependent components of planting through processing to utilisation of the industrial crops.
- To keep abreast of national and international developments in the novel non-food crops fields and to pass information on opportunities to the wider agricultural, industrial and academic communities.
- Development of confidence by the agricultural community to grow and produce 'new' or 'novel' non-food crops.
- To promote activities to remove current marketing, technical and attitude barriers to the development of industrial crops.
- To help promote confidence in the investment in and growing and development of 'new' or 'novel' crops, education and training will be undertaken.

Priorities for Action

a) Major players, e.g. AEA Technology (biomass heating and anaerobic digestion), Ambient Energy (biomass power), and First Renewables (gasifier technology, heat and power), should all be encouraged to further develop their interests in Cornwall.

b) The creation of Demonstration of Excellence Centres, especially to raise awareness of the benefits of "green" energy. These are seen as essential in the education and training in new and novel non-food crops.

c) Financial incentives for planting and maintaining long term crops. This is to provide a 'pre-income' to encourage agricultural businesses to develop the crops. The "chicken and egg" constraint should be broken by getting authority for speculative plantings of biomass and energy crops.

d) Product identification and marketing initiatives to develop new markets for locally produced green energy should start right away.

e) Development of annual seeded crops to provide initial stimulation for growers.

f) Plant selection and breeding, particularly for miscanthus.

g) Development of agricultural processing techniques relating to the crop:

  - establishment
  - harvesting
  - post-harvest storage and processing

- annual crops
- Product development

h) Market development based on Cornish institutions, e.g. education and health authorities.

Conclusions

1) Objective 1 funding supplies a one-off opportunity for Cornwall to become a national leader in the growing, processing and development of innovative non-food industrial crops through education, product development, growing, processing and marketing.

2) Facilitation is needed to encourage the growth of this sector and to promote the initiative both inside and outside the county.

3) The industry fits ideally into Cornwall's structure - namely agricultural based in a county of flexible and high quality farming - and could well provide a lifeline to many farms in the county.

4) It is an industry which is still very new but with enormous potential for growth.

Implementation

To enable the integration of the whole process it is essential to have a facilitator(s) in place to co-ordinate the whole process, involving key players throughout the production / processing / utilisation chain.

The Task Force would wish to see local partnerships develop between The Cornwall Energy group, Eden and SWIC.

Source of Strategy: George MacPherson: Home Grown Energy Group
South West Industrial Crops – Steering Group and Directors

A8. STRATEGIC PLAN FOR CORNWALL'S WOODLAND, FORESTRY AND WOOD PROCESSING, PRODUCTS AND SERVICES SECTOR

Introduction

The distinctiveness of the Cornish Landscape and Natural Environment is enhanced by its woodlands. The Woodland, Forestry and Wood Processing, Products and Services sector (i.e. Forestry, in its broadest sense) in Cornwall is responsible for the vitality of an important environmental, social and economic resource in terms of timber, biodiversity, landscape, archaeology, pollution control, recreation, etc. but faces a number of challenges. To conserve and enhance this resource it is vital to put the right structures and support in place.

The English Forestry Strategy (A New Focus for England's Woodlands) sets out the Government's policy under four main priorities: for Forestry to contribute to Rural Development; Economic Regeneration; Recreation, Access, and Tourism; and the Environment and Conservation. The proposed Cornish Strategic Plan reflects this National Strategy whilst addressing the local needs with actions identified through the recent successful Cornwall Woodmeet Conference.

SWOT ANALYSIS FOR THE SECTOR IN CORNWALL

This analysis (see Appendix 2 for details) results from the findings of the Woodmeet and the inaugural meeting of the Cornwall Strategy Group.

Strengths and Weaknesses

Cornwall's woodlands have climatic advantage, popular fondness for woodland and a strong base of effective practice, but structural weaknesses mean that many woodlands remain unmanaged or under-managed. This reduces environmental and economic value and potential, limits opportunities for local added value workers to use locally produced wood, which results in poor returns due to small scale and poor integration of the industry and can eventually lead to the disappearance or loss of woodland. Initiatives under the Objective 5b programme, such as Working Woodlands, and the South West Forest and other programmes of Silvanus Trust, with funding from various sources, have increased economic, social and environmental value but on a relatively small scale, which is still developing.

Summary of Opportunities and Threats

Using the identified core of strengths and an integrated approach the whole sector has considerable opportunities to arrest or reverse decline and create increases in value and economic viability at every stage of the supply chain, which will in turn reduce the level of vulnerability to threats. This will increase the contribution of woodlands, forestry, wood processing, products and services to the economy, environment and communities of Cornwall through sustaining and creating jobs, skills, enterprises and the woodland resource itself. In turn, developing existing positive attitudes within and towards the sector will generate further opportunities and a greater contribution to prosperity.

Key Strategic Objectives

Enhancing the position of the Cornish Woodland, Forestry and Wood Processing, Products and Services Sector through a co-ordinated approach in order to realise its full potential.

A comprehensive approach will take account of the unique conditions in Cornwall and ensure that the whole sector works towards common ends. This will deliver the draft Single Programming Document Measure 4.5: *to bring more existing woodland into sustainable management with environmental gains by improving economic returns from timber, recreation and other opportunities; and to facilitate new woodland in appropriate areas*. It will also provide integration with the other priorities and measures within the Objective 1 programme, the English Forestry Strategy and the Rural Development Regulation.

Priorities for Action

The following table outlines indicative actions to deliver Measure 4.5, linking the English Forestry Strategy and objectives identified at the Woodmeet (see Appendix 1 for details).

Strategy	Priority objectives	Outcomes	Indicative actions
Overarching themes	· integrated strategy · building on strengths · promotion of the forest industry in the broadest sense · integrated land-use planning	· good use of existing expertise · links to all relevant programmes, locally and further afield · delivery of national and regional policies and strategies	· industry database · training needs analysis · co-ordinated marketing plans · facilitation, support and development of entrepreneurial pilots
Rural development	· markets and marketing · certification · best practice · appropriate land use and diversification · global approach to local markets	· local and global access to customers · re-integration of a primary rural land use with opportunities in towns and cities · higher status for sector and all its workers	· local branding · group certification · internet usage · networked knowledge · Woodland Centre(s) · benchmarking standards · financial availability
Economic regeneration	· finance and leverage · training and employment opportunities · facilitation and role model centres · integrated programmes · infrastructure · woodland creation on despoiled and derelict land	· greater contribution to prosperity · new and sustained jobs · new and sustained businesses with critical mass · better transport, logistics and communications · better land use	· sector strategy · apprenticeship, training and mentoring · investment and grants · co-operative and co-ordinated working · derelict land regeneration · new woodlands
Recreation, access and	· promotion of the sector as a model	· multi-use woodland resource	· volunteer, education programmes

Tourism	for sustainability · non wood-producing use of woodland	· higher value added · positive image · low impact tourism	· permissive access and activities · community projects
Environment and conservation	· economic value to make conservation, bio-diversity and sustainability viable · positive image of Cornwall and trees · public acceptance of forestry management practice	· enhanced sustainability · delivery of bio-diversity action plans · public understanding of accessible model of sustainable development practice · new woodlands · long term attitudes	· Cornish oakwood and semi-natural woodland conservation and enlargement · bio-fuels and other sustainable resource use · volunteer, education programmes

Implementation

Outline Delivery Framework

A conference was held in March this year to discuss issues relating to this sector and Objective 1. Over 70 people attended drawn from all sectors of the industry. A separate report of this meeting is available. **From this Woodmeet, an inaugural Strategy Group has been formed**, including membership from Cornwall County Council, the Forestry Commission, English Nature, The Forestry Contracting Association, the Timber Growers Association, LANTRA, Silvanus Trust (representing itself, WoodWorks, Working Woodlands and Tap Routes), South West Forest and Working Woodlands. The group plans to work openly with the whole sector, while preserving commercial confidentiality where necessary, and to invite regular observers from Cornwall Agricultural Council, FRCA and Duchy College as well as interested individuals and groups from the sector. It will consult fully at least annually with the sector by means of a Woodmeet and will publish its agenda and meeting dates. It will advise and liaise with MAFF on forestry issues in Cornwall, make and co-ordinate suggestions, "bang heads together", invite ideas and projects **in liaison with the Task Force for Food and Agriculture**, promote the programme and the sector, provide information and publicity, represent projects and work with all other Priority, Measure and Cross-Cutting Theme Task Forces for Objective 1 as well as wider relevant initiatives and programmes.

The existing 5(b) programmes have all contributed to the Woodmeet, together with private, public and community sector participation. **All are committed to co-ordinating and integrating their future programmes through continuing, developing or combining their resources and ideas in order to implement the Cornwall Strategy within an umbrella framework Strategy Group.**

APPENDIX 1: Proposed Projects (to be developed from 5(b) Programme) and Links to Other Initiatives

Working Woodlands is a partnership, which aims to support and develop the small woodlands supply chain and product markets through the distribution of grants for business development and capital investment, linked to training and promotion of market opportunities. It will work through EAGGF funding and relate to ERDF and ESF.

South West Forest is an integrated rural development project aiming to address the decline in agriculture and associated rural industries through woodland planting, management and utilisation. It uses these as a catalyst for the regeneration of land-based sectors and communities. Working in North Devon and North Cornwall, it will be funded through FC, EU and rural development grants.

Tap Routes is a consortium of conservation organisations offering training and work experience in environmental conservation. It will work through ESF funding.

Woodworks is a technical training project with mentoring and wage subsidy, targeting young people becoming self employed or the first employee of a former sole trader.

Woodheat is a programme aimed at the production and promotion of heat from wood residues. It works through EAGGF, ETSU and related funding.

Other projects in the Southwest which demonstrate good practice and can provide experience to Cornwall include the **Greater Exmoor Woodland Initiative** and the **South Hams Woodland Campaign**. Experience from other projects from further afield nationally and internationally, such as Coed Cymru, may also be relevant and will be researched in developing successor projects and programmes and integrating them into the Cornish Strategy.

Additional potential projects already suggested include group certification for Woodland Assurance, Cornish Oakwood Conservation, salvaged wood, waste minimisation, shelterbelt, hedges, orchard and copse conservation, trade association development and links to farmers' markets and other initiatives, both local and global.

APPENDIX 2: SWOT Analysis for the Sector in Cornwall

Strengths

- Supported by Government policy (English Forestry Strategy)
- Core resource of well-managed productive private and public woodlands
- Rich bio-diversity of Cornwall's woods, especially the Ancient Semi-natural Woodlands
- Core of professional and amateur interest in woods, wood, wood products and services
- High growth rates of trees in Cornwall and potential to produce resources of the highest quality
- Direct links with the labour and machinery of the agricultural sector
- Potential flexibility of individual enterprises to respond to demand-led needs
- A rural land-use industry which links well with agriculture and the support of very rural communities
- A broad sector including multi-purpose woods, harvesting, processing, training and education
- Land availability for new planting

Weaknesses

- Lack of unifying long term strategic vision
- Loss of traditional skills and markets
- Inadequate information about the resource and its productive potential

- Poor integration with agriculture
- Lack of capital, coupled with sub-standard plant and machinery
- Patchy standards of proficiency, lack of career structure and lack of new entrants
- Low % woodland cover (5%, 2nd lowest nationally)
- Small-scale and scattered woodlands with many owners and fragmentation of once larger woods
- Low quality of existing standing resources, especially hardwoods
- Continuing deterioration of timber and woodland quality
- Often difficult access to and within woodland
- Long distances from mass markets
- Fragmented nature and poor integration of the supply chain
- Generally small size of individual enterprises within the supply chain
- Apparent under-capacity in key areas such as kilning
- Overall weakness of business planning, marketing, promotion and sales activities
- Frequent inability to make local supplies at the right time, price, quantity and quality
- Relative isolation from national and international markets

Opportunities

- To consolidate and manage scattered resources effectively
- To increase woodland area through new planting
- To integrate woodland management with agricultural practice
- To improve and enhance the quality of the woodland resource
- To create consolidated processing and production operations
- To exploit new designs and technologies
- To improve business planning, promotion and marketing skills, training and career structures
- To introduce R&D, design quality standards, benchmarking and best practice
- To improve and consolidate marketing, promotion and sales activities
- To enhance the provision of public sector “seed-corn” grants and access to private sector finance
- To win back lost market share
- To re-channel “good” timber to more appropriate end uses
- To minimise waste and increase the economic value of essential residues
- To respond to emerging demands:
  - for sustainable economic development via entrepreneurship
  - from new industries such as woodfuel
  - from the recent influx of “hobby farmers”
  - from “life-style” needs
  - from the need to practice more appropriate and sustainable technology
  - from the need of the agriculture sector to create income
  - for alternative land uses to agriculture
  - for training and re-skilling
- To highlight the green credentials of woodland management and wood products through assurance and promotion schemes

Threats

- The rising operational and financial burden of regulation and accountability
- Negative public attitudes towards commercial activities in woods
- The globalisation of world markets, demanding higher productivity at lower costs
- Availability of high quality imports at competitive prices
- Continuing decline of traditional markets
- Continuing erosion of remaining markets by solutions using other raw materials

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Source of Strategy: Sue Blacker (Director Silvanus), Colin Hawke (County Forester CCC), Chris Marrow (Forerst Enterprise) on behalf of the WOODMEET Strategy Group

A9. STRATEGIC PLAN FOR FARM TOURISM

Introduction

Tourism in Cornwall is a key sector representing 21% of the county's GDP of £1,600 million. During the past 20 years there has been a shift away from the traditional seaside resort holidays towards a much broader tourism base which recognises Cornwall for its coastline, heritage and strong landscape appeal.

There is evidence of farm-based Bed & Breakfast going back 75 years, but in the last 15 years there has been rapid growth in the provision of farm-based tourism and especially the self-catering accommodation sector. Self-catering offers flexible arrangements often in barn conversions which appeal because of their unique design, access to the farm environment and rural locality. However, farm diversification into tourism has many types of products and now includes farm accommodation in all its different types, farm catering, crafts, tourist attractions and activities. The value of farm tourism in Cornwall is not fully known but estimates made by South West Tourism in 1998 suggest that there were over 2,000 accommodation establishments. Based on the level of inquiries the new entrants to farm tourism may be increasing at a rate as high as 10% p.a.

Strengths

- Generally good image
- Distinctive – wholesome, traditional
- Offers a broad range of facilities / experience compared with some competitor markets
- Generates higher quality awards than some competitor groups
- Offers unique experiences and facilities
- Access to local produce and home prepared cooking

Weaknesses

- The industry is currently supply-led, i.e. demand for farm-based holidays is not currently matching supply of accommodation and facilities, i.e. over-supply!
- Factors outside of the control of the business which seem able to affect performance, e.g. food / health scares
- Many small-scale fragmented businesses unable to access market and other information
- Distance from and frequency of public transport
- Tourism seen as a panacea to farming problems when in reality some projects are unviable or have very poor returns which add a further burden on the whole farm.

Opportunities

Towards 2000 – A Tourism Strategy for the South West identifies a range of opportunities for the development of tourism which can apply to farm tourism in Cornwall.

- Market segmentation. The process of identifying the key market opportunities for the sector in order to grow it.
- Encourage additional accommodation in rural areas where demand exists or can be created. In particular over the next decade there may be a slight shift towards serviced accommodation.

- Develop the potential for on and off farm activity / leisure based holidays. Tourists worldwide are increasingly choosing holidays by prioritising the activity before the destination. There are particular opportunities for water sports, cycling and walking, short breaks, and off peak tourism.
- Depolarise the industry away from the main summer holidays. Many potential visitors take several holidays during the year of which Cornwall might be one – but not necessarily taken in the summer.
- Encourage local networks and linkages between businesses for the mutual benefit and support and improved communication.

Threats

- Global competition.
- Farm viability competing for investment funds.
- The unknown, e.g. health scares.

Key Strategic Objectives

1) Identify and expand the market for farm tourism in Cornwall which will improve the market potential for existing operators and allow new ventures.
2) Maintain and improve the quality of existing businesses. This will include:
    - Upgrading of existing business.
    - Addition of facilities that will attract visitors outside the main season.
3) Encourage new business where there is demand.
    - Discourage farm tourism diversification where there is insufficient demand for the product. Alternative forms of diversification may be more appropriate.
4) Improve business skills including access to market intelligence.
5) Encourage greater links between individual farm tourism businesses and wider marketing and product development initiatives such as coastal, sport or cultural programmes.
6) Encourage inward investment in diversification projects which bring funding and expertise and are sustainable.

Priorities for Action

a) Establish Capital Support schemes which meet the strategic objectives for product development outlined above. Such schemes will have an agreed policy approach to farm tourism which will support diversified and first time diversifying farms. Such schemes should run in parallel with and complement schemes that support general diversification projects and speciality food programmes.

b) Establish programmes that help develop the farm tourism market in Cornwall. Such projects may include:-
    - Market / product best practice research to ensure that farm tourism is market driven.
    - Brand development and promotion of the sector and sub-sector groups / co-operatives.

- Centralised booking services / referral services.
- Support to farmers to access markets and in particular e-mail / internet and business monitoring programmes.
- Programmes that encourage overseas markets which are potentially all year round.

c) Encourage farm tourism operators to be recognised for their quality. Programmes might include the following:-
- Encouragement to join national accommodation, attraction and other quality schemes.
- Develop the 'Stepping Stones' concept for farm tourism in Cornwall as a way of encouraging businesses to reach a minimum standard for the first time.
- Sustainable tourism – in particular recognising businesses that take a sustainable approach.
- Programmes that encourage farm tourism operators to develop their business skills to improve product quality.

d) Develop the quality of experience through access provision (especially all ability access), amenity provision and environmental enhancement and interpretation.

e) Maintain and improve the environmental product.

Implementation

The Task Force acknowledges that the 5(b) umbrella grant fund, Revitalising Farm Tourism has worked well. The delivery of this Objective One Strategy should be through a partnership involving South West Tourism, Cornish Farm Holidays Group and Cartwheel (or its sequel). Close networking will be expected between other business support providers. Regular liaison should be established with the Tourism Task Force.

Source of Strategy: Philip M Aubrey, Special Projects Manager, South West Tourism.

B1. STRATEGIC PLAN FOR AGRICULTURE AND HORTICULTURE ON THE ISLES OF SCILLY

Introduction

- Agricultural and horticultural activity contributes to the economic development of the Isles of Scilly and although the size of the industry is very much less in terms of value than that of the main economic activity, tourism, it is a fact that the tourism industry benefits from it to a considerable degree, especially in landscape terms.
- Both activities suffer from major constraints such as the effect of high freight costs and growing competition.
- The three main crops have been early spring flowers, bulbs and early potatoes, but the latter two have declined and the twin constraints of freight and competition have continued to threaten the main crop of early spring flowers. Increasing use of polythene by growers on the mainland has reduced the climatic advantage previously held by Scillonian farmers. The viable market in early potatoes has collapsed and the main export – spring flowers – has suffered from competition from England, South America, Africa and the rest of Europe.
- The islands have unique status under Article 3.5 of the Less Favoured Areas Directive giving access to a higher rate of grant. **However, the structure of agriculture in the islands does not enable farmers to benefit from this status** and support should be given to altering the payment system from a headage payment to a payment based on hectarage of land retained in cultivation. This would still be in line with EC regulations.
- The numbers of cattle in the islands is declining. Restocking the islands would bring about certain benefits such as fresh island produce and better upkeep of marginal land, both of which have significance to the tourism industry and to the environment.
- Technology Transfer at the Trenoweth Centre on St Mary's continues. The principal objective of the centre is to improve the profitability of the industry, investigate alternate crops, improving existing yields and hence, to ensure the viability of agriculture in the islands. It also promotes the development of environmentally sound practices. The Trenoweth Centre has continuing difficulties in attracting ongoing funding from national agencies due to the localised nature of its work.
- The fragility of the islands' agricultural and horticultural industry was recognised in the Objective 5(b) Single Programming Document for the South West, which had a specific Measure to provide support under the European Agricultural Guidance and Guarantee Funding (EAGGF). This support included encouragement for a wider range of enterprises, developing marketing of the islands' produce and support for collective initiatives.

Strengths:

- Reputation for quality flower production
- Trenoweth Centre encouraging best practice
- Joint co-operative selling and marketing
- Year-round growing season
- Islands-specific crops
- Successful diversification into farm-based tourism

Weaknesses:
- Dependence on a small number of crops
- Variable quality in flower production
- Degree of sectoral fragmentation
- High transport costs
- No facilities to support animal husbandry
- Water availability restricts crop range
- Low incomes in recent years constraining development
- Labour shortages at peak times

Opportunities:
- Greater income through more consistent quality standards
- Improved marketing/branding
- Direct selling to retailers and households
- 'Secondary processing'
- Diversification

Threats:
- Growing monopoly of major retailers
- Increased price competition from other areas

Key Strategic Agriculture Objectives

1) Encourage the upkeep and revitalisation of farmland and buildings bearing in mind their environmental and historic qualities
2) Maximise productivity, but without harm to the existing environment and its appearance
3) Encourage the development of co-operative working practices in farming, to co-ordinate promotion and marketing efforts, maximise efficient use of resources and provide an effective means to supply high quality produce and products both to the mainland and within the islands
4) Improve the provision of existing business support measures and training for farmers and encourage the development of other support activities that will assist their business development potential
5) Encourage co-operation in the research, development and processing of farming produce and products.
6) Co-operate with other bodies to facilitate the development of schemes such as Countryside Stewardship or Environmentally Sensitive Area (ESA), which support environmentally sustainable farming and land management.

Priorities for Action

a) The future of the agricultural economic sector in Scilly depends upon two main priorities – securing **new markets** and developing **premium price** for local products.

b) An initial **investment package** has been drawn together that combines support to improve business efficiency, partly through diversification and increased marketing efforts. This twin approach of looking at costs and other income sources, whilst at the same time seeking new markets, tackles both the supply and demand sides and should be further developed.

c) **Diversification** will be an on-going theme for agricultural and horticultural businesses in Scilly. In both sectors, the trend is towards larger production units to generate economies of scale. This trend leads to the loss of permanent jobs as once a holding has been amalgamated, the lost job is never regained. There is a fierce determination to continue in primary production, although increasingly this means that only a partial income can be secured. This has resulted in a growing interest in diversification and in many cases these relate to opportunities in and around tourism.

d) The emphasis on greater marketing presents the additional opportunity to further develop the **Scilly brand** as a unique feature of island produce. Again, the use of the Scilly brand to market agricultural and horticultural products will bring benefits to the tourism economy.

Implementation

The Isles of Scilly are expected to apply Objective One through an Integrated Area Plan structure. The Task Force would wish to be regularly updated on progress with the action plan and would become involved as appropriate.

A list of potential projects which will contribute towards the achievement of this strategy has already been compiled. These come under the following headings:-

- Capital Grants to Businesses
- Farm based diversification
- Shelter belts
- Trenoweth Technology Transfer Centre
- Marketing Project extension
- Dry Bulb Marketing
- An investment package which includes three main elements:-
  - *Quality* – the key mechanism for adding value
  - *Efficiency* – a key requirement to reduce costs to maintain competitiveness
  - *Brand* – the development of a marque of quality for the product

The delivery of such a programme within the I.A.P. is estimated to require an indicative £0.5m of EAGGF, matched by £0.5m of UK Public Funding.

Source of Strategy: EKOS Consultation with group of 40 island farmers. Presented by Andrew May – Mainland Marketing & Director of Trenoweth

C1. STRATEGIC PLAN FOR BUSINESS SUPPORT AND DIVERSIFICATION OF AGRICULTURAL ACTIVITIES

Introduction

- The decline in rural incomes and employment is having a significant effect on the industry and the rural community as a whole. In Cornwall the past 10 years has seen a 9.7% decrease in farm employment and an 8.2% decrease in farm numbers. Farms of less than 50 hectares (which accounts for more than 50% of farms in the region) have dropped by 11% whilst farms of greater than 100 hectares have seen a 5.7% increase (FRCA Agriculture in Cornwall Report and the University of Plymouth Future of Cornish Agriculture).
- The fall in farm incomes is confirmed by the MAFF national statistics (January 1999) which conclude that Total Income From Farming (TIFF) has fallen 58% in real terms over the past two years, mainly as a result of a sharp fall in commodity prices, brought on by oversupply, economic difficulties in Russia and Asia and the continual strength of sterling.
- Cashflows within agricultural businesses have worsened and thus increases in the level of borrowing continue. The value of agricultural outputs (including subsidies directly related to products) was 3.1% lower in 1999, despite a 0.9% increase in their volume.
- Within the South West 5(b) programme, subsidised business advice was available under the Rural Business Support Programme, managed by Prosper. Its business options appraisal was well received but uptake would have been greater if it was not limited to farmers under 40. (The average age of farmers in the South West is 58 years). Other successful revenue programmes were SWARD (ESF funded) and the Farming Entrepreneur Programme. The need for such support continues but it should be made available to all businesses.
- Business support for those constructing project bids under 5(b), (business plan preparation, investment appraisals etc.), was not provided on any formal basis and was the source of serious delays in achieving approval from MAFF. It would assist the whole process if quality Business Development advice were to be made available, on a subsidised basis, as part of project facilitation within Objective One. Unlike ERDF and ESF, EAGGF is mainly applied for from the private business sector.
- Investment in diversification over the past 3 years has been significant, and mainly resulted from the rolling over of income generated from previous good years. As cashflows have worsened and interest payments have risen (16% higher in 1998 than 1997), farm businesses have limited or no capital available to invest at a time when they need to develop alternative sources of income. The importance of grant aid and the dependence of borrowed capital cannot be underestimated.
- The Rural Development Capital Grant Scheme (RDCGS) has been running since March 1999, providing capital grants for all areas of rural development from a farm base not covered in other schemes. The project provides financial assistance towards capital investment, an investment appraisal and on-going support. The total budget, to include project administration, marketing and casework equates to approximately £4.46 million, to aid 130 schemes at an average grant of £15,000-20,000. This funding is expected to be fully taken up within the lifetime of 5(b).

This scheme's management has worked in close liaison with the other two "diversification" capital grant projects: Revitalising Farm Tourism and the grant programme for Speciality Food producers. All three key funds have been popular with the industry and have been a natural progression for businesses to implement advice received in the various revenue programmes.

- Diversification, although unlikely to produce substantial income, remains very significant in keeping family farms viable in Cornwall and Scilly. MAFF Farm Business Survey figures for the West of England, 1998/99 confirm diversified income at an average of £7,900 was 56% of all income on recorded farms. 32% of farms are recorded as having a source of diversified income in the West of England: the highest level of the English regions.

Key Strategic Objectives

1) Improve the commercial viability of farm businesses.
2) Increase revenue to the Objective 1 area through well-constructed business planning.
3) Secure rural employment in existing businesses.
4) Increase the opportunities for the enhancement of existing enterprises in response to market-driven change.
5) Encourage the development of new enterprises to diversify the rural economy.
6) Encourage business planning which includes environmental enhancement and/or public benefit opportunities.
7) Develop the knowledge base for the diversification sector.

Priorities for Action

a) Provision of **business development support**, especially targeted at those sectors and activities which are taking advantage of Objective One funding. Capacity needs to be built to provide the following range of subsidised services:

   Pre feasibility consultation, feasibility studies, investment appraisal, business plan construction, support with grant applications, Town and Country Planning advice and guidance, investment project implementation and aftercare business advice.

b) Provision of subsidised **bespoke business support** in response to industry needs across the full range of potential development areas, including:

   Business planning, financial management, market research and export advice, HACCP and quality assurance schemes, production management and husbandry, upgrading business premises, ICT applications and opportunities for business diversification.

c) Increase the number of producers participating in **small scale activities** and niche areas of primary production, either individually or as groups, but at the same time recognising supply and demand forces.

d) Provision of **Capital Grants**, at true incentive rates, to encourage further diversification of sources of income to farm and rural businesses, through a well scoped scheme. Market research at an early stage in such a grant programme will be necessary to improve the knowledge base and assess supply and demand.

e) Improve the availability of advice to those diversifying via qualified “trainers”.

f) Maintain close liaison with all groups and organisations actively involved in farm diversification.

g) Make maximum use of the Small Business Service from April 2001.

h) Encouragement of self help mentoring schemes.

i) Encouragement of young entrants with the specific aim of reducing average age in the industry.

Implementation

The Task Force recognises the strong demand for high quality business development and planning advice that has been flagged up by all sectors. A more comprehensive and flexible system needs to be put in place in order that the industry can access the range of support it requires.

Source of Strategy: Richard Adams (Prosper), James Whilding (ADAS), Gary Ensor (Prosper), John Tellam (Strategy Overall Co-ordinator)

C2. STRATEGIC PLAN FOR THE PROTECTION OF THE ENVIRONMENT

Introduction

Cornwall is long recognised as having an environment of high quality and diversity. The agricultural environment is a major part of Cornwall's distinctiveness. This is a major asset to the region because increasingly, tourism and leisure, in addition to agriculture and locally forestry and fisheries, are major economic activities which depend upon maintaining good environmental quality.

One in three jobs in the region are thought to depend upon this environment.

Cornwall’s real or perceived environment and the quality of life are major incentive for individuals and companies to invest in or relocate to, the Duchy. This is also a factor in marketing Cornish produce outside the county. With the exception of those who have diversified into tourism and leisure it is probably fair to say that farmers and landowners in general do not perceive a direct benefit from investing in their environment or landscape; although recently, the property market does attach growing importance to holdings associated with high visual amenity or recreational opportunities, which is now being reflected in capital values.

The agricultural sector has recently suffered from poor economic performance and unstable markets determined largely by factors outside of its immediate control with a subsequent lack of investment. As a result, business planning, including production, marketing and diversification, has generally become short term in nature, often driven by immediate financial or time constraints. Countryside Stewardship and organic schemes aside, this has tended to result in short term land management strategies.

The farming industry however does recognise that changes brought by external factors require both increased environmental awareness and in particular the need to manage inputs and wastes more carefully, both to avoid further legislation and to reduce production costs.

Issues and opportunities:

- Whilst recognising that Cornwall’s farmers should be given credit for their good environmental record, there is still considerable room for improvement.
- Most farmers could still improve their profitability through applying best farm practices that reduce soil and nutrient losses, inputs, waste and energy.
- Many farmers and landowners have not fully considered the opportunities on their farms for diversification or for enhancing capital values through improved amenity potential.
- Whilst the farmer’s role in environmental management is now recognised in many areas, there is scope to increase the breadth of this recognition e.g. flood prevention and landscape issues.
- Farmers will need practical help and advice to cope with new legislation.

- Farmers need free, easily accessible practical advice, coupled with financial assistance to instigate changes.

- Organisations offering environmental advice and support should co-ordinate to ensure farmers and landowners receive the best possible assistance tailored to their needs.

- Furthermore business and environmental advice to farmers should be linked to maximise benefits and reduce conflict and duplication.

Key Strategic Objectives

The environmental partnership will be designed to contribute towards the four strategic objectives of the Objective 1 programme i.e.:

- **To increase absolute prosperity**
- **To support agricultural adjustment**
- **To support communities faced with change; and**
- **To enhance regional distinctiveness**

Strategic Context

A number of statutory and non-statutory plans provide a context for the strategic delivery of environmental measures. These include:

Cornwall Biodiversity Action Plan
English Nature's Natural Area Profiles
Local Environmental Area Plans (LEAPs)
Cornwall Structure and Local Plans
Cornwall Heritage and Culture Strategy
Cornwall Landscape Assessment

along with the Single Programming Document.

In drawing up specific actions, the twin potential benefits of environmental improvement have been recognised:

- **The maximisation of *micro*-economic benefits from environmental improvements i.e. direct benefits to the farmer.**
- **The maximisation of *macro*-economic benefits from environmental improvements i.e. indirect benefits to the community.**

An indicative list of targets to achieve these objectives might include:

1) Sustainable farm profitability
2) Sustainable environmental and economic benefits to the local community
3) Protect and enhance Cornwall's distinctiveness and landscape
4) To support the development of Cornwall quality branded produce
5) Help farmers to prepare for new legislation e.g. Farm Waste Directive and Water Framework Directive
6) Adopt a holistic approach, integrating land use and planning
7) Delivery of Biodiversity targets
8) Protect, develop and link up wildlife corridors

9) Protect and restore key habitats e.g. hay meadows, ancient semi natural woodlands and heathlands
10) Increase planting and improve management of trees and woodlands
11) Protect and restore hedges
12) Promote good hedge management practice
13) Protect and enhance wetlands, watercourses, improve water quality and flow
14) To co-ordinate the control of invasive weeds e.g. Ragwort, Japanese Knotweed, Giant Hogweed and Himalayan Balsam
15) Energy efficiency
16) Water use efficiency
17) Optimise farm inputs
18) Reduce waste & improve waste management
19) Reduce erosion and protect soils
20) Improve soil infiltration rates
21) Provide guidance on managing heritage and archaeological sites on farmland
22) Provide guidance in managing public access
23) To complete grant searches and assist with applications e.g. Countryside Stewardship
24) To link environmental advice to business and tourism initiatives
25) To provide financial assistance for farmers and landowners to implement capital / revenue improvements that fall outside the scope of Countryside Stewardship including:

    Linear features

    - Fencing
    - Farm buildings
    - Energy efficiency
    - Water saving
    - Waste handling systems
    - Soil conservation
    - Restoration of historically important features e.g. wells, mill ponds
    - Removal of eyesores
26) Raise public awareness.

Priorities for Action

Aim

To sustain and enhance the economic viability and environmental qualities of farms and other land-holdings in Cornwall through:

- **the formation of a strong partnership of organisations and people committed to supporting farming and the environment.**

- **the combination of the expertise of the partnership into the promotion of universal high quality environmental management.**

Key Activities

a) Reduce farm waste – promote the better use of manures and fertilisers
b) Technology transfer – putting R&D into practice
c) Improve energy efficiency – reduced costs and anticipating climate change levies
d) Soil management – reducing soil erosion
e) Improving green capital values – enhancing recreational and amenity values
f) Implementing Biodiversity and other Action Plans
g) Enhancing regional distinctiveness – targeting key landscape features
h) Improving capacity - raising awareness and skills

These targets must be simple and measurable, as should the measures to implement them.

Indicative Projects

a) **"Farm Environment Link"** - a co-ordinated agri-environmental advisory service to every land holding in Cornwall to include:
   - an initial appraisal of what the sector wants and needs to focus advice
   - a 'first step shop' contact point, providing direct advice and co-ordination of support
   - a free initial visit, targeted to need, defined by the land manager
   - free or low cost whole farm advice, sign-posting opportunities for further support and advice within partnership
   - support for economic and environmental enhancement opportunities
   - strong links to existing or developing programmes supporting business advice, training, capital grant etc.

b) **Targeted campaigns and programmes** aimed at geographical areas or groups of land managers to achieve more concentrated improvements on the ground, delivering against targets identified in related strategies.
   - campaigns to be partnership or client driven
   - developed on area based initiatives, such as river catchments, or topic based such as targets from the County Biodiversity Action Plan
   - sustainable tourism projects and specialised machinery rings and co-operative grazing initiatives
   - training and skills development to enhance environmental capacity

Implementation

Delivery

To deliver this strategy it is proposed:-

1. To set up an agreed structure for the programme with an effective administration support mechanism to include:
    - an accountable body responsible for a simple and flexible programme supporting providers and clients.
    - development of a publicity and awareness strategy
    - tracking and reporting against milestones and success criteria.

2. To develop and maintain linkages through:
    - The use of existing structures, partnerships and experience
    - a culture of "minimum barriers" to recipients
    - simplicity of delivery and monitoring
    - close partnership with business advisory services
    - delivery where appropriate through IAP's
    - liaison with other EAGGF sectoral groups

Potential for industry participation

Based on the experience of the existing partners already providing support or advice across the range of key activities listed above, the EAGGF funding would allow at least 50% of farmers and landowners to benefit from aspects of the programme.

In addition, all major estates including private, National Trust and County Farms would be offered tailored advice to meet the needs of their tenants.

Source of Strategy: Colin Cornish (ADAS), Brian Shipman (CCC), Mary Combe (FWAG), Arlin Rickard (Westcountry Rivers Trust)

C3. FOOD PROCESSING, MARKETING & BRANDING

Introduction

- Cornwall has a unique and special identity shaped by nature and history. Currently 86% of the natural environment in the County continues to be managed by the farming community.
- A significant part of the business base in Cornwall and Scilly is related to agriculture and fisheries and therefore to food. The Region has a strong reputation for the production of good quality primary produce from land valued for its environmental importance. These sectors support significant employment in locally based ancillary businesses throughout the County. Currently, a high proportion of primary produce leaves the County with little or no added value.
- PROSPER estimates that the food and drink sector accounts for more than 13,000 jobs in Devon and Cornwall, with approximately 500 mainstream firms, most of whom are small and medium sized. There are no figures available for Cornwall on its own, and this lack of statistics is an area for concern. Further figures from PROSPER (based on 1995 figures) estimate that the Food and Drink industry in Cornwall is worth at least £800 million, and represents 13% of the county's revenue and 10% of employment.
- A recognised area for growth within the Food sector is with the development of value added products. Also identified for support are aspects of processing and marketing where competitiveness can be raised, building on the collaborative approaches developed during the Objective 5b Programme.
- It is anticipated that the ability of fish and agri-food businesses to survive and prosper will be as dependent on business and marketing skills, as it will be on agricultural and production skills. Many of the issues facing producers within the fish and agri-food sector are therefore similar to those facing businesses in other sectors.
- **The Cornish Food Group**, which was set up in 1997/98 and includes a cross section of food representatives from primary producers through to some of the county's best known processing companies, e.g. Rodda's Creamery and Crantock Bakery, and includes the meat, horticulture, drinks and restauranteurs' sectors, as represented by individuals and co-operative groups including Taste of the West. This well-established Regional Speciality Food organisation brings significant expertise to the wider Cornish Food Group. Taste of the West delivers a range of business support services to food and drink producer/processors in the South West of England. Currently these include a capital grant scheme for speciality food producers, a promotion and marketing grant scheme and, through its subsidiary, West Country Cooking, it aims to significantly increase the proportion of fresh local produce used by the Food Service Industry. Run by a Board of Directors, with representatives from each county, the NFU, FFB, SWERDA and Local Authorities, Taste of the West brings nine years' experience and expertise in Trade Development Programmes, Promotion/Consumer Activities and Technical and Professional Support initiatives to the Cornish Food Group.

  The interests of the Fish Industry are represented within The Cornish Food Group through The Cornwall Fisheries Management Group. The Group's membership list is open and growing. The main objectives of the Group are to establish closer working links with producers, retailers and distributors, and to develop, promote and sell quality Cornish food, both within and outside the County, thereby reducing the volume of imports into the County.

Strengths

- Well known County with a strong image of quality & goodness
- Wide range of products, and high quality primary produce from a high quality environment
- Early seasonality and diverse nature of products
- Some expertise in specific areas of manufacturing processing & producing
- Strong links with hospitality, leisure & tourism industry
- A developing brand image

Weaknesses

- Insufficient co-ordination in food marketing and processing
- Lack of skills and investment in some processed products
- Limited skills in product development preparation, presentation & promotion
- Insufficient use made of by-products
- Poor local collection and distribution network
- Lack of market intelligence
- Lack of consistency of supply due to seasonality

Key Strategic Objectives

Aim: To increase the sustainability & prosperity of businesses involved in the fish and agri-food industry in Cornwall.

1) To increase prosperity by improving **business competitiveness**:
   - Through adding value to primary product
   - Through support for co-operative marketing
   - Through effective & coherent business support mechanisms
   - Through access to product development technologies

2) To increase prosperity by improving the **knowledge base** of the sector:
   - Through increased access to and provision of information
   - Through increased access to and provision of learning

3) To increase prosperity by developing and **exploiting regional distinctiveness**:
   - Through promotion of the Cornish Brand
   - Through development of links with complementary sectors, e.g. tourism
   - Through developing new market outlets

Priorities for Action

a) Priorities associated with improving **business competitiveness**:
   - Facilitate the investment in a food wholesale / distribution / production / marketing and promotion centre and any satellite systems
   - Create new product lines, improving the utilisation of primary produce, reducing waste and improving the use of by-products

- Strengthen links with marketing outlets in all sectors
- Rationalise and integrate Cornish marketing structures
- Set up and implement collaborative marketing ventures
- Stimulate confidence, optimism and entrepreneurism of Cornish food producers
- Develop local collection and distribution networks
- Develop, augment and integrate existing business support systems

b) Priorities associated with improving the **knowledge base** of the sector:

- Set up and operate market intelligence networks
- Set up and operate IT support systems
- Provide for delivery of training in conjunction with recognised training bodies to improve preparation, packaging and presentation of primary products and to utilise new technology and innovative methods.
- Improve professional competence and standards of practice to react in a proactive way to new and potential new legislation in order for producers to meet standard industry requirements.
- Create database of Cornish producers
- Make use of technology transfer applications
- Provide for opportunities for training for personal development and to overcome skills gaps in partnership with existing organisations (lifelong learning).

c) Priorities associated with developing and **exploiting regional distinctiveness**:

- Create a local, national and international reputation for excellence associated with branded Cornish produce, backed up by consumer and market research
- Increase the share of the developing organic market by utilising the already strong image of the County
- Encourage the production of quality produce within the County which can be branded as Cornish
- Set up and develop e-commerce centre and website
- Develop and improve quality assurance schemes with existing providers to conform to international standards and with inclusion of traceability systems
- Develop links at local, regional and national level with restaurants and caterers as well as the retail trade to develop the Cornish Experience, and to develop a range of marketing events.

C4. STRATEGIC PLAN FOR ORGANIC FOOD AND FARMING

Introduction

The benefits of organic farming are recognised by its inclusion as an indicator in the UK Government's strategy for sustainable development. Its contribution to sustainable development includes benefits to the environment, to consumers and public health, to animal welfare and to local economies. Organic food and farming meets the aspirations of consumers and the public. It is not an embellishment of a conventional system or a diversification opportunity but a change in core practice.

Organic farming stands out, in a depressed agricultural economy, as a sector that is thriving and optimistic. It has a central role to play in the sustainable development of the food and farming economy of the region, establishing new markets for quality food and delivering environmental benefits as well as jobs for Cornwall and the Isles of Scilly.

In its recent strategy document the NFU identified the SW's pre-eminent position as **the** region for organic farming.

The steadily increasing acreage and farm size in conversion to organic management will drive the demand for new technology, innovation and business management skills. This growth will also augment the requirement for access to information, advice and training in all aspects of organic production.

The establishment of a conduit for exchange of information will be a key element in the identification of training, development and business support requirements for the benefit of the organic agricultural sector in the Objective One region.

Key strengths and opportunities:

- Traceable, assured food production system
- High consumer demand
- Undersupplied market
- 70 per cent of existing market is supplied by imported products
- Provides distinctiveness
- Provides opportunity for regional, quality branding
- Delivers environmental benefits
- Track record of co-operative and partnership working
- Innovative practice
- Creates jobs and supports local communities
- Ideally suited to the climate, landscape and characteristic agricultural pattern of small, mixed family units in the Objective One region
- Improves viability of farm business

Weaknesses and threats:

Currently a small and fragmented supply, undeveloped supply chains, a lack of marketing and technical support and R&D to aid future growth and innovation. The current lack of Government support through the Organic Farming Scheme can be seen as a temporary threat. The absence of a level playing field for support for organic producers throughout Europe is an ongoing and underlying threat.

Key Strategic Objectives

1) Organic farming systems are based on whole farm systems and uptake should be encouraged as the most environmentally friendly and sustainable methods of agriculture, horticulture and food production. A target of 10% of output, representing 15% of land use will be achieved by 2006.
2) Work inclusively with all sectors to develop organic production as a means to a competitive, profitable industry. Sectors include: dairy, cattle and sheep, pigs and poultry, arable, horticulture, novel and industrial crops, woodland and forestry and farm tourism. For capital funds work to identify appropriate mechanisms for accessing capital funds for infrastructure development and improvement; ring fence funds solely for organic initiatives as well as integrating organic initiatives into umbrella sector-wide strategies and packages. Whichever path is used, ensure the pace and direction of change is defined by the organic movement and its stakeholders. Organic can integrate with existing sector development for dairy, red meat and produce. New initiatives targeted to organic needs for pigs and poultry and arable.
3) Develop potential of existing and new organic products using innovative techniques.
4) Develop local processing of organic products, so adding value and keeping more money within the local economy.
5) Promote and develop co-operation at all levels of the supply chain, through producer co-operatives, committed industry partnerships and strategic marketing.
6) Provide a fully integrated support structure for organic agriculture and food production which will benefit businesses and strengthen the rural economy of Cornwall and the Isles of Scilly.
7) Retain and create jobs in the food and farming sector.
8) Communicate and market effectively.

Priorities for Action

a) Support producers and processors through the development of their organic business through an **organic sector support programme**. The programme will include: business support and advice, training and technology transfer to the farm, demonstration, trials and development.

b) Work with all sectors in the establishment of **strong producer marketing groups**, working with existing structures where appropriate.

c) Identify appropriate mechanisms for accessing capital funds for improvement of infrastructure, **processing facilities** etc. where needed. Work with industry to develop **supply chains**.

d) Work in partnership with existing and develop new initiatives for regional **organic branding**.

e) Develop an effective **communications strategy** to increase awareness of the 'SW organic brand' and to inform and educate a range of audiences. This will involve engaging with the public and policy makers to build informed awareness of issues raised by organic food and farming

f) Develop local, national and international **markets** for SW organic products as supply builds

g) Provide expertise for the **acquisition of skills** in all aspects of organic husbandry, processing and business development through training and education

h) Expand existing and develop new **organic trials and demonstration** facilities which will:
   - Facilitate ongoing **near market development** studies by establishing industrial and academic partnerships in order to attract funding and expertise to the Objective One region;
   - Maintain links with trials, demonstration activity and information dissemination at farm level and for the benefit of farm businesses;
   - Encourage the acquisition of knowledge, attitudes and skills necessary to improve the competitiveness and financial viability of farm businesses.

Implementation

The proposal is to engage with producers and processors through an Organic Support Programme. The capacity to deliver such support needs to be built. It is envisaged that the strategy will be implemented through pro-actively working with other key sector initiatives.

Resources need to be ring fenced within a future project to enable a dedicated organic facilitator to liase widely across appropriate sectors.

Source of Strategy: Simon Brenman – Agricultural Development Director, Soil Association.
Charlotte Russell and Roger Cozens – Organic South West
Dr Jean Burke – Duchy College Organic Projects Director

C5. STRATEGIC PLAN FOR TECHNOLOGY TRANSFER, SKILLS AND LEARNING.

Introduction

Adaptation will be the theme for agriculture and the countryside into and beyond the Objective 1 programming period. Rural SME's will have to adapt to market demands, consumer pressure, competition and reducing commodity prices. Diversification, technical improvement, and product identity will be promoted as ways that businesses can adapt to these pressures. Farm businesses can only implement such solutions against a background of high levels of technical skill, management knowledge, and access to the best information and expertise available.

This document outlines a coherent suite of technology transfer, skills and knowledge development programmes, presented as one strategy which will enhance the agricultural economy by:-

- Widening and encouraging participation.
- Working at farm level.
- Being relevant to business requirements at a practical level.
- Servicing all other agricultural Objective 1 strategic areas.
- Measuring success.

The importance of this programme is underpinned by the SW Regional Development Agency strategic plan which outlines technology, skills and learning as key strategic driving forces that need to operate in the region.

Key Strategic Objectives

1) To establish the capacity to deliver high quality technology transfer and know-how which will facilitate business development and innovation across all sectors of the industry.

2) Improve and develop technical and management skills, and methods of delivery helping farm businesses restructure, improve competitiveness, production efficiency, and make use of new opportunities.

3) Improve and develop technical and management skills, and methods of delivery aimed at continuing to improve the range and quality of agricultural products from Cornwall, including training in how to undertake new product development professionally.

4) Identification of future industry training and development needs.

5) Establish effective links with all other Objective 1 projects. Embed technology transfer, skills and learning support into project selection criteria.

6) Augment the above activities with funding levered from the ESF measures of Objective 1 and other funding sources.

Priorities for action

Description	***Fund***	***Indicative Funding***	***Project Value***	***SPD measures***
a) Agricultural Technology Transfer Centre				
Physical 'hub and satellite'. Focus for all Ob1 technology transfer, training and development programmes. Raising the profile of excellence in Cornish agriculture.	ERDF Hub Satellite EAGGF (p.a)	1.0M 0.65M 0.15M	2.15M 1.0M 0.15M	3.6 1.4
b) Customised Training				
Subsidised training provision supporting all farm business. Including short courses, seminars, business development groups and bespoke provision, learning from good exemplars from abroad. Available to beneficiaries of other Objective 1 strategic schemes to maximise the impact of capital and business development funding.	EAGGF ESF (p.a.)	0.85M 0.45M	1.3M 1M	4.4, 1.4 3.1, 3.2
c) Training and Materials Development				
Funding for development of training materials and delivery methods required by industry into the future. Will include IT and distance learning.	EAGGF ESF (p.a)	0.38M 0.35M	0.5M 0.5M	4.3, 4.4 1.4 3.2, 3.3
d) Training and technology transfer grants				
Specialist funding available to innovative industry led programmes exploring technical excellence, new market opportunities and products.	EAGGF ESF (p.a)	0.25M 0.25M	0.5M 0.5M	4.4, 4.1 1.4 3.1, 3.5

Implementation

Most core sector strategies have identified the need to access high quality technology and training support in order to implement / progress their plans.

The Task Force recognises that improved methods of accessing existing regional and national expertise must be developed. There is also a strong demand for the capacity of locally available technology transfer and training to be substantially strengthened. A comprehensive resource needs to be quickly established in order to service the needs of all industry sectors as they undertake their action plans.

The following organisations have been consulted and support the priorities for action outlined. Many will wish to develop projects making use of funding under this strategy. Others will be promoting other sector strategies but will want to see those strategies supported through this technology transfer training and HRD strategy.

ADAS
Lantra NTO
Business Link

Cornwall County Council Estates Dept.
ECOSCI Ltd.
HDC
EDEN
Prosper
Countryside and Community Research Unit
ARC
MDC
Nickerson-Zwaan
University of Exeter
Soil Association
Seale-Hayne
CMW Horticulture
Central Science Laboratory
National Ploughing School
HGCA
BOCM Pauls Ltd.
Kernow Grain Ltd
IGER
Kemira
Kernow Grain Ltd.
NMR
Liverpool University
AgriBip
Kingshay Farming Trust
HRI
SW Beef Council
British Simmental Society
MAFF Practice into Profit
Westcountry Rivers Trust
Soil Association.
MLC
Hydro Agri
Potash Development Assn
IACR Rothampstead

Source of Strategy: Dr Phil Le Grice and Keith Barriball (Duchy College) and Lyndsay Bird (LANTRA)