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Agriculture and Food Issues Paper - February 2011

1. Agriculture and Food

1.1 Summary

This paper looks at issues of agricultural and food production, processing, distribution and security; essentially an overview of the Cornish agriculture and food economy. It draws out a number of planning issues for the Core Strategy.

Issue F1 – Support the viability of Cornwall's agriculture and food industry, enhance their sustainability and maintain and enhance the ability to grow food locally.

Issues F2 – Encourage the appropriate re-use of redundant agricultural buildings / barns.

1.2 Purpose

This is one in a series of papers dealing with a specific theme. Each can be read in isolation or together with other papers to gain a wider understanding of issues facing Cornwall. This paper sets out the evidence base and the policy context for sport, recreation and open space and describes how the issues that need to be addressed in relation to sport, recreation and open space could be taken forward in the Core Strategy. These papers will form the first stage of the development of options for Core Strategy policy. Other issues papers available in this series include:

- *Housing*
- *Economy*
- *Tourism*
- *Retail & town centres*
- *Education & skills*
- *Social inclusion*
- *Crime & anti-social behaviour*
- *Health*
- *Transport & accessibility*
- *Energy*
- *Climate change*
- *Soil, air & water quality*
- *Flooding, water consumption and drought*
- *Biodiversity & geodiversity*
- *Landscape & seascape*
- *Historic environment*
- *Design & efficient use of resources*
- *Sport, recreation & open space*
- *Coast & maritime*

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- *Minerals*
- *Waste*

This series of papers is closely linked to the topics of the Sustainability Appraisal (SA) scoping report. The SA scoping report identifies the sustainability[1] objectives, decision making criteria and indicators against which the LDF and other plans in Cornwall should be tested, to examine whether plans are sustainable. The SA scoping report also identifies key messages from national, regional and local plans for the Cornwall LDF, a baseline and sustainability issues for each topic. These Core Strategy issue papers largely build on the SA scoping report and start to examine in greater detail the messages from evidence and research, the opportunities and threats and planning issues that need to be considered in the Core Strategy (the SA scoping report can be found at

http://www.cornwall.gov.uk/default.aspx?page=17394).

1.3 What is agriculture and food production?

Agriculture is the production of food and goods through farming. Agriculture forms part of the wider food industry which supplies much of the food we consume. Agri-food is a recent term that is increasingly being used to encompass food production activities on farms and the processing of these products into added value food items. However it should be noted that agriculture also encompasses non food items such as energy crops, flowers etc, as well as non-tradeable outputs that underpin tourism and our lives in general, such as landscape, biodiversity, recreational benefits and climate regulation.

The food industry is a complex, global collective of diverse businesses that together supply the food consumed by the world's population. The food industry has become increasingly competitive.

For the purposes of this paper we have divided the agri-food industry into the following sectors:

Production

This element comprises those sectors that deal with primary production, i.e. the farmers and growers who grow crops and raise animals.

Processing

This element comprises those sectors that deal with secondary production, i.e. those that process the product of primary production into added value products, e.g. food, non-food horticultural products, energy from biomass and timber-derived products.

Distribution

Food distribution, the method of distributing or transporting food has three main components:

- Transport infrastructure
- Food handling technology and regulation (refrigeration, storage, warehousing)
- Source and supply logistics.

1 Sustainability and sustainable development is defined in the glossary

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Supply chains, how food is transported, the importance of local food and food miles are issues to be considered here.

Security

Food security refers to the availability of food and people's access to it. In recent years, food security is being increasingly identified as a matter of concern in some developed countries, including the UK.

Aspects excluded from this paper

Some aspects of the agri-food industry are excluded from this paper such as retail outlets (other than those that relate to farm shops and local food markets) etc. Fishing is also not dealt with in this paper nor are food processing and distribution considered in depth. Planning issues for these are discussed in the maritime and economy papers within this series. Issues concerning the quality of soil for agriculture are dealt with in the soil, air and water quality paper.

Whilst all topics are interlinked, this Agriculture & Food paper has particularly strong links to the papers dealing with the Economy, Soil, Air & Water Quality, Tourism and Landscape & Seascape.

1.4 A 'Portrait' of the Agri-Food Sector in Cornwall

The Cornish agri-food economy can be considered to have two main centres and two main seasons. The first centre around which the food economy moves, is the local food economy within the county and region, whilst the second is the national and international food economy. Seasonally, the summer food economy benefits from selling to both the local food centre and to visitors (although this is becoming more all year round). Production from some sectors such as the dairy sector is however not seasonally bound (and most of their product goes out of the county). Businesses in the agri-food sector range from the largest cheddar cheese production facility in Europe to very small, high value niche producers at the other end of the scale. Although agriculture and food production occur throughout the county, in some areas activity is higher than in others, with two thirds of all employment in agri-food located in the Bodmin, Callington, Illogan, Launceston, Lostwithiel, and St Austell areas[()]. In Cornwall approximately 10% of agricultural land is considered to be in the 'Best and Most Versatile' category, with land of agricultural Grade 1 (= highest quality) limited to a stretch of land between Penzance and Hayle.

Production

The agriculture, hunting & forestry sector and the fishing sector employs almost 5% of the Cornish workforce. As a proportion of the total workforce of Cornwall this is not particularly high, but its significance is evident when this is compared with figures across the South West and England which are respectively only a half and a third of that figure. However, with changing farming practices, the number of farms in Cornwall is decreasing, with those left getting bigger. This is closely linked to a reduction in the number of farmers throughout the county.

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Cornwall is the second most important area in the UK in terms of quality pasture land, and in the top ten in Europe. It is therefore not surprising that dairying is the most important form of primary food production in the county and produces some of the foods most associated with Cornwall such as clotted cream. The number of livestock in the county is on a long term downward trend but in the dairy industry milk production has remained static, whilst the number of farmers and dairy cows is going down.

Besides dairy, livestock production is also important and Cornish farmers produce top quality beef and other livestock.

The geography and climate of Cornwall gives it a distinct advantage in horticultural production (particularly potatoes, vegetable and fruit), providing an earlier and longer growing season than many areas of the UK. Cornwall is a large flower producer, with daffodils being the most significant flower and flower-bulb crop in Cornwall. Flower production has increased in Cornwall against a backdrop of declining production across England.

There are a small number of inland fish farms and hatcheries in Cornwall. The role and potential of inland aquaculture in Cornwall remains unexplored but might represent an important avenue for new business.

Organic production is a sector that has recently expanded rapidly, particularly in organic dairy farming and meat production. This expansion has however slowed of late due to the recession-induced reduction of growth in the organic market.

Processing

The manufacture of food products and drinks employs a large proportion of people in Cornwall. There is an great variety of food manufacturing in the county, ranging between ice cream and pasties to duck dishes. The diversity of the beverages sector defies ready description with a full range of products and business styles, from the micro-brewery based on local products and selling only to the immediate vicinity, to drink producers who also sell outside the county (St. Austell Brewery, Skinner’s Ales, Camel Valley Wines, Cornwall Scrumpy, Cornish Spring Water, etc).

In Cornwall there is a close link between food producers and processors. Two diary processors (Dairy Crest and Trewithen Diary) have their own supply base of dairy farmers whilst the remaining dairy processors source their Cornish milk from Milk Link, a national farmer owned co-operative with many members located in Cornwall. In the bakery sector firms such as Ginsters and Proper Cornish Foods source as many of their ingredients as possible locally, e.g. onions, meat etc.

Distribution

The geographical position of Cornwall is a constraint to many sectors, and transport is a key issue with both costs and lack of access reducing the competitiveness of many local businesses.

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Security

Many of us take the availability of food for granted but food production does increasingly have to compete for land with new development, fuel crops/ energy production and space for biodiversity and climate change mitigation measures. There is however a growing interest in the county in local and sustainable food production, both from producers and consumers. This is based on a variety of reasons such as preventing environmental damage, promoting health, promoting local economies and cultures, and increasing the level of food security for local populations.

1.5 What is the role of the Core Strategy?

The Core Strategy can provide planning policies that help enhance and protect environmental standards for the benefit of local communities. In developing these policies, the Core Strategy needs to take into account all other relevant plans, strategies, policies and programmes as well as involve key stakeholders and the community. The Core Strategy has a role to play in food production, processing, distribution and security in that it can:

- Protect high quality agricultural land from other uses
- Ensure planning policy supports plans for expansion and redevelopment of agricultural sites for food and non food production where appropriate
- Support the development or expansion of sites for food processing where appropriate
- Support initiatives that encourage the growing, distribution and sale of local food within the area

1.6 Relevant Policy Context and key evidence

When preparing the Core Strategy, the Council does not start with a blank sheet of paper. There is a whole series of policies at national and regional level which have to be followed and the Core Strategy needs to be prepared within the framework set by national and European legislation and national & regional guidance. This section focuses on the most relevant published legislation, plans & strategies and draws out their key messages for the Core Strategy. The key directives, acts, plans and strategies identified and used are:

International / European

- The Common Agricultural Policy (CAP) is a system of European Union agricultural subsidies and programmes. In November 2010, the European Commission published the Communication paper on the future of the CAP. The main aims of the reform are to ensure safe and sufficient food supply, the sustainable management of natural resources, and the balanced development of rural areas. The Commission outlines three main options for reform. 1. adjusting most pressing shortcomings in the CAP through gradual changes; 2. making the CAP greener, fairer, more efficient, and more effective; and 3. moving away from income support and market measures and focusing on environmental and climate change objectives.

National

- Planning Policy Statement 7: Sustainable Development in Rural Areas
- Food Security and the UK (2006) DEFRA

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- Securing Future Food (2010) UK Food group
- Food 2030 (2010) DEFRA
- The Future of Food and Farming - Challenges and Choices for Global Sustainability (2011) Department for Business, Innovation and Skills

Regional

- The Regional Strategy for the SW Environment (2004-2014): Our Environment Our Future (GOSW)

Local

- A Study of food production, distribution and processing in Cornwall & the Isles of Scilly (2006)
- Strategy for Agriculture, Horticulture, Food and Land Based Initiatives in Cornwall & the Isles of Scilly 2003-2010
- Cornwall Council & Cornwall and Isles of Scilly Economic Forum
- Sector Profile: Agriculture December 2008
- Cornwall Council & Cornwall and Isles of Scilly Economic Forum
- Sector Profile: Food and Drink December 2008

1.7 Relevant Evidence and Research

Cornish agri-food economy

Figures produced by the Cornwall Agri-Food Council for the Cornish agri-food economy show a growth in turnover from £800 million in 1998 to £1.5 billion in 2006. The industry has aspirations to achieve £2 billion by 2010[(2)].

The agricultural industry in Cornwall has faced many challenges over the past few years (BSE, Foot & Mouth, etc) but has maintained a growth trajectory (9.1%) that exceeds the growth for Cornwall (7.9%) as a whole and is above national growth levels[(3)]. It is the landscape of Cornwall that has been managed by the farming community for generations that motivate the majority of visitors to choose the area as their holiday destination.

Production

The latest survey figures for Cornwall suggest that 11,600 people work in agriculture and fishing, and of these 66% are self-employed[(4)]. In terms of VAT registered businesses, one in five businesses in Cornwall are within the agriculture, forestry and fishing sector, compared to one in eight across the south west, and one in seventeen across England[(5)]. In some areas of Cornwall, the agriculture, hunting & forestry sector can employ up to one in five persons, and the fishing sector up to about 6% of people in employment[(6)]. These figures should be set against the backdrop

2 Cornwall & IOS Economic Forum (2008) Cornwall & IOS Sector Profile: Agri-food
3 Cornwall & IOS Economic Forum (2008) Cornwall & IOS Sector Profile: Agriculture
4 ONS (2009) Annual Population Survey – workplace analysis October 2008 to September 2009
5 ONS (2007) VAT Registrations and De-Registrations
6 ONS (2001) Census

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of the relatively small amount of high quality agricultural land in the county: the proportion of agricultural land in Cornwall within the category 'Best and Most Versatile' is a quarter of that in England as a whole (respectively 10% and 40%).

It was estimated that agricultural production alone was worth at least £192 million to the Cornish economy in 2003[7]. The dairying sector alone is worth over £92 million which is over half the combined total value of all agricultural and horticultural production in the county[8].

Traditionally livestock production in Cornwall has been based on a mix of livestock enterprises on one farm, although there is a move towards specialisation. Whilst beef is the most important livestock product in Cornwall, the poultry sector is worth almost £20 million a year, sheep approximately half that figure and the pig industry also maintains a place in Cornish farming[9].

Cornwall is a large flower producer, particularly daffodils with an increase in the number of flower/bulbs of 39% compared to a decline of 5% across England between 1999 and 2006.[10]

DEFRA acknowledges that in terms of value of goods and services, rural areas are currently performing on a par with, or better than, urban areas, and has recognised the importance of food production and processing to rural economies. *'Whilst farming no longer contributes high levels of either rural employment or GVA, it plays a larger role than figures suggest when its upstream (e.g. raw materials) and downstream (e.g. food processing) impacts are taken into account; not forgetting the key role played in maintaining the countryside'*[11].

Many of the Cornish farmyards were designed for the 1900's and as farms get bigger there is a need for new developments, possibly away from the traditional farmyard, to be built to ensure that they are fit for purpose in the future[12]. It is estimated by Cornwall Agri-Food Council that there are at least 3,000 redundant farm buildings or barns in Cornwall that could be used for alternative uses[13]. Some old farm buildings have been converted for farm shops, livery, tourism and affordable housing.

In the future, food will need to be produced in a way that protects the natural resources on which food production depends [soil and water] and on which we rely for drinking water, to regulate our climate, stem flood waters and filter pollution[14].

The challenge posed by 'Food 2030' to farmers is to 'improve profitability, productivity and competitiveness, and produce more food sustainably and in line with what the market wants. Build up skills, and attract new people into farming'. The challenge for the fishing industry is to 'attract new business and use new technology to increase sustainability. Ensure that fishing is a flexible and economically viable industry that provides sustainable livelihoods for coastal communities'.[15]

7 Reed et al (2003) A Study of food production, distribution and processing Cornwall and the Isles of Scilly
8 Huxley, Ruth (2003) Prospects and prosperities: exploring the potential of the Cornish food and drink industry
9 Cornish World – Farming in Cornwall
10 Cornwall & IOS Economic Forum (2008) Cornwall & IOS Sector Profile: Agriculture.
11 DEFRA (2010) Rural economy and businesses; (GVA= Gross Value Added)
12 Discussions with Cornwall Agri-Food Council, 2010
13 Discussions with Cornwall Agri-Food Council, 2010
14 DEFRA (2010) Food 2030
15 DEFRA (2010) Food 2030

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Processing

3.2% of people in Cornwall are employed in the manufacture of food products and drinks in Cornwall, a higher proportion than the averages across the South West (1.4%) and England (1.3%)[(16)].

The size of the tourism sector in Cornwall also has a significant impact on the local food economy in that almost 7% of people are employed in food & beverage service activities compared to 5.5% across the South West and 5.4% across England[(17)]. A study commissioned by the 'Taste of the West' in 2003 concluded that '*the food economy is worth in excess of £1 billion per annum*' and that 'the food processing and manufacturing sector is economically the most important sector in the Cornish economy', with an estimated worth of at least £500 million per annum[(18)].

Cornwall has two major dairy purchasing companies – Dairy Crest and Milk Link. Some losses have occurred in the processing industry (mainly relating to butter and dried products - Unigate at St Erth, Dairy Crest at Camborne and Lostwithiel) but also gains (in terms of higher quality milk products such as cheese (Davidstow) specialities (Cornish Yarg etc) clotted cream (Rodda's) and ice cream (Kelly's, Callestick, Roskilly's etc).

The table below gives an overview, resulting from a 2003 study[(19)] of the state of the different food production and processing sectors in Cornwall.

Table 1.1

Primary Food Production	Sector Outlook	Local	Sales
Dairy	Growing and expanding	Strong local production & value added; increasingly diverse production	Mainly national
Fish	Highly competitive	Little processing	Mainly European
Horticulture	Competitive and growing	Mixed local wholesaling and processing; processing growth sector	Local to catering sector; regional and national
Meat	Outlook uncertain	Some local processing and packaging	Large volumes to national market. Increasing high quality niche market

16 ONS (2008) Annual Business Inquiry (employees only)
17 ONS (2008) Annual Business Inquiry (employees only)
18 Reed et al (2003) A Study of food production, distribution and processing Cornwall and the Isles of Scilly
19 Reed et al (2003) A Study of food production, distribution and processing Cornwall and the Isles of Scilly

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			developing sales to local and national market
Poultry & eggs	Steady growth	Strong local egg consumption; limited processing	Local and national sales
Organic	Expanding rapidly. Still dominated by small holders	Mixed local wholesaling and direct retailing	Local and national
Food Processing	**Sector Outlook**	**Local**	**Sales**
Beverages	Opportunities for growth		
Confectionery	Expanding	Local processing. Very few local inputs	Local, national and international
Preserves & Misc.	Expanding and competitive	Local processing. Limited local inputs used	Local and national
Savouries & pasties	The major producers expanding nationally, local producers look for efficiencies	All sectors trying to source locally where feasible, a major opportunity for supply chain co-ordination	Local and national

For food processors, the challenge for the future is to:

- Develop sustainable supply chains.
- Improve resource efficiency and skills.
- Manage risks and plan for climate change.
- Ensure food safety.
- Reduce food waste'.[20]

Distribution

Those sectors with the closest relationship between producer and consumer are high value dairy, meat and organics. Other products which require more processing or processing on a larger scale have a less direct route to market as they go through a number of stages of production and distribution.

20 DEFRA (2010) Food 2030

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Organic farm businesses have different patterns of distribution and retail for their meat but both rely on farm shops, their own and others locally, direct sales through farm gate sales or local food schemes. Organic box schemes are supporting several horticultural holdings within the county, creating a new market place for vegetables and fruit.

Security

Local interest in food security through producing food locally is demonstrated through a resurgence of interest and enthusiasm for allotments, and has led to waiting lists of over 500 people in Cornwall.

By 2002 the UK was a net importer in every agricultural sector with the exception of milk and milk products. Imports have been cheaper than home produced food[21]. However some modelling work carried out at the Eden project since then has shown that Cornwall does not need many farms to feed its own population and that the market for the majority of the output from the industry is across the Tamar.

1.8 Emerging Evidence

The gathering of evidence is an iterative process and must be continued throughout the preparation of the Core Strategy and beyond. Additional evidence should be considered right up to the 'submission' stage in the process. Listed below are the known emerging relevant guidance & studies, which will be taken into account if available before the submission of the Core Strategy:

- consultation paper on a new Planning Policy Statement: Planning for a Natural and Healthy Environment.
- The Common Agricultural policy is due to be reformed by December 2013

1.9 Gaps in Evidence

It is not easy to follow the chain from primary production and then onto processing as much of the industry is in the private sector. Little public research is available and companies in this sector are not required to disclose their accounts in the same way as public companies.

More information on the loss of productive farmland to other uses is required.

1.10 Key Messages from the Evidence Review

A number of key messages and issues were drawn out from the evidence review. The table below identifies the messages deemed most relevant and the source documents.

Table 1.2

Message	Relevant Document(s)
Need to minimise loss of high quality agricultural land.	PPS7, Cornwall State of Environment Report, Strategy for Agriculture

21 Reed et al (2003) A Study of food production, distribution and processing Cornwall and the Isles of Scilly

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	in Cornwall, Safeguarding our Soils - A Strategy for England.
Need to support initiatives to make the agri-food sector more sustainable, make sustainable food production central in development, work on the assumption that there is little new land for agriculture.	PPS7, Strategy for Agriculture in Cornwall, Safeguarding our Soils - A Strategy for England, The Future of Food and Farming - Challenges and Choices for Global Sustainability (2011) Department for Business, Innovation and Skills
Support and facilitate development and land uses which enable those who earn a living from, and help to maintain and manage the countryside, to continue to do so.	PPS7
Limit climate impacts.	PPS1, PPS7, The Future of Food and Farming - Challenges and Choices for Global Sustainability (2011) Department for Business, Innovation and Skills
Need to support maintenance and expansion of agri-food businesses.	
In the future, produce food in a way that protects the natural resources on which food production depends.	DEFRA (2010) Food 2030
Consider other uses for the estimated 3,000 redundant farm buildings/barns within the county.	Agri-Food Council

1.11 SWOT Analysis

Table 1.3

Strengths	**Weaknesses**
• Large extent of agricultural land • Existing wide variety in the agri-food sector • Existing close link between food producers and processors in Cornwall • Excellent growing conditions for horticultural production	• Limited high-grade agricultural land • Long distances to larger markets

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Opportunities	Threats
• Create and support initiatives to make the agri-food sector more sustainable to reduce its impact on climate change • Strengthen existing link between food production and processing • Strengthen local food security • The appropriate re-use of the approx 3,000 redundant farm buildings/barns in Cornwall • Reduce emissions from agriculture by using anaerobic digestion to manage slurry, reduce nitrous oxide emissions • Rising fuel prices - generate clean energy instead • Extension of the tourism season to a more all year around tourism market	• Significant development will put pressure on agricultural land • Competing demands for land in terms of food production or fuel crops, etc. • Cheap food imports • Rising fuel prices

1.12 Climate Change Considerations

Climate change is further explored in a separate issues paper in this series, as well as in the Sustainability Appraisal Scoping Report (visit www.cornwall.gov.uk).

The food industry is a major contributor to climate change as it is estimated that about 22% of carbon emissions of over six million tonnes a year from Cornwall, are from food production, processing and transport. This figure does not take into account the carbon sequestration delivered by land management activity. The effect climate change has/ will have on the County's food agenda is potentially significant. Below are some of the main considerations:

- Wetter winters and drier summers may put pressure on soil stability
- Availability of water resources under threat
- Competing pressures for agricultural land: for fuel crops /energy production and climate change mitigation measures.

The Scoping Report sets out a series of sustainability objectives against which the Core Strategy and other parts of the Local Development Framework will be assessed, to gauge how far they will promote sustainable development.

The relevant objectives for soil, air and water quality state:

- *To minimise the use of undeveloped land and protect and enhance soil quality*
- *To maintain and enhance water quality and reduce consumption and increase efficiency of water use*

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1.13 Main Spatial Planning Issues

Taking into account the key messages from the current evidence available, a number of spatial planning issues are listed below.

Issue F1

Issue F1 – Support the viability of Cornwall's agriculture and food industry, enhance their sustainability and maintain and enhance the ability to grow food locally.

Issue F2

Issue F2 – Encourage the appropriate re-use of redundant agricultural buildings / barns.

These issues will work towards achieving the following long term objectives for Cornwall as set out in the Sustainable Community Strategy - 'Future Cornwall':

- To become a market leader in innovative business and low carbon technologies ; increase productivity and raise quality across the economy
- To enhance and build a robust network of small and medium businesses to secure Cornwall's economic stability
- To make the most of our environment, reduce greenhouse gas emissions and invest in and promote sustainable use of natural resources.

This paper summarises the evidence on agriculture and food brought together to inform the Cornwall Core Strategy. However, it will be added to and kept up-to-date as other relevant evidence becomes available. In updating these papers all previous versions will be archived to ensure it is clear what evidence was available at each stage.