

A Strategy
For a
Sustainable
Shetland Agriculture

2010 – 2015

DRAFT
SUMMARY REPORT
For
Consultation

August 2010

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1. Introduction

1.1 Brief

Shetland Islands Council and the agricultural industry have commissioned the production of a new agriculture strategy for Shetland that updates and builds on the previous one and takes account of the new circumstances facing the industry now and over coming years, not least of which are the new support regime, stricter limits on public agency support, and cuts in public sector finances.

1.2 Approach and Methodology

The approach taken to produce the strategy is explained more fully in the Main Report. The main focus is on consulting as widely as possible and getting views from all stakeholders on the way forward. It should be stressed that this version of the strategy is a DRAFT which is now being circulated for consultation before a final version is created along with the Strategic Environmental Assessment.

2. Baseline Analysis

A detailed analysis has been undertaken of the key trends in the industry over recent years and the current state of the sector in terms of production output and value, employment, income, and subsidy levels. The full analysis is contained in the Main Report. Some of the key statistics and issues are summarised in the following paragraphs.

The sector is composed of a mixture of crofts and farms in 1876 holdings, over 60% of which are less than 20 hectares. The numbers involved in the industry over the last few years has fallen by 18% (2001-2009) spread across all categories (employed, occupiers, spouses, seasonal).

Since Shetland agriculture is largely a grass based industry the main production outputs are livestock (sheep and cattle). The number of sheep has been falling (-28% from 393,686 to 283,659) over the last 10 years while the number of cattle has remained relatively stable at around 5,500. Milk production and the number of dairy units has also been relatively stable though there are less dairy units. The vast majority of sheep and cattle are exported as store animals.

Sheep: Some of the main issues recently have included: - the poor prices especially for small lambs; fluctuating prices that makes it difficult to plan ahead; proposed introduction of electronic tagging, rising costs of production and finishing; and closure of ESA scheme.

The main challenges facing sheep production are likely to be the implementation of EID, maintaining consistent quality and prices, producing quality finished stock for processing locally, low wool prices, producing what the market wants when it wants it, and taking advantage of the environmental and health credentials of sheep produced in Shetland.

Beef cattle: Some of the main issues facing this sector are the cost and availability of bulls, lack of modern abattoir facilities, cost of finishing animals, and marketing of the finished product. The majority of cattle produced in Shetland are sold to the store market and exported to be finished. A major challenge and opportunity here is to serve the local market.

Dairy cattle: The dairy sector has been reduced to 6 herds, though milk production has remained relatively stable, while the dairy has diversified into a wider range of milk products including butter, and tested a range of yoghurt products. Some of the main challenges facing the sector include competition from cheaper imported milk available in the local supermarkets, and consumer perception of the local products.

Other Animals: The numbers of pigs has fluctuated considerably over the years while the numbers of goats kept in the isles has been very limited. The number of ponies has fallen over the last 30 years due mainly to the low prices from sales and the fact that they are bred and available outside Shetland. Efforts have been made to raise the profile of Shetland born and bred ponies through the Shetland Pony breeders Association and prices have improved. It is estimated there are around 1300 ponies in 116 herds in Shetland.¹ Some of the main issues facing the sub sector are the compulsory micro chipping of all foals and the fact that supply is exceeding demand.

Crops: The range of crops produced in Shetland has always been limited and the field areas under cultivation have dropped by around 90% between 1971 and 2008. Most of this had happened by 2001. More recently the area under barley and oats has actually increased and there has been an increase in other crops such as carrots.

Poultry/eggs: This sub sector is focused on egg production and there has been an increase recently in the number of small scale producers.

Horticulture: There has been an increase in the number of local small scale producers of vegetables with more available in the shops and at the farmers markets that have become a more regular feature over the last few years.

Wool: Historically the production of wool has been a valuable resource that supported the development of knitwear and textiles on the islands. The value of wool has been very low over the last number of years though prices are beginning to rise again due to world market prices but they have some way to go before they will provide a reasonable return for the effort required.

Value of Output: In value terms sheep account for 53% of sales, cattle 16%, and milk 21%. The value of production over the last 10 or more years has fallen both in actual and real terms. In fact the drop in real values between 1986 and 2008 is of the order of 46%. As a

¹ Shetland Pony Breeders Association Census 2008

result the viability of the sector has become poorer and follows the general trends in other parts of Scotland, especially upland/hill sheep production areas.

Other Trends: A number of other trends are relevant to consider as they could impinge on what may be possible in Shetland. One of the most important is the changes in the consumer demand and perception of food. Consumers are seeking more information about where food comes from, the contents and what is good for you and what is less so. Some of the drivers are based in Government policy on health and better diets to save on health bills, and more recently on carbon reduction measures and reducing the carbon footprint of food production and distribution.

All these factors should present opportunities for Shetland producers to increase the supply to the local market and to get a premium on local traceable high quality products. It should also provide opportunities for exporting value added products with a clear Shetland identity to niche markets.

However there are still strong counter forces as consumers have become used to a period of cheap food prices and could resist having to pay more. In other words there could still be threats to, for example, local milk production if local consumers are not prepared to pay more and continue to buy cheaper imported milk and milk products. This suggests that while it may be possible to achieve a premium on some products, it will be essential to tackle the costs of production, to introduce efficiencies, and reduce costs. This must be a high priority in any strategy for the industry if it is to have a chance of survival let alone development.

Contribution to Local Economy: Although the real value of production has fallen the contribution to the local economy has been maintained due to subsidy levels which bring money into the local economy. Subsidy levels now account for nearly 60% of total income (value of sales plus subsidy) while in the early 1980's it was only 23%.

Summary of Future Prospects: There are concerns that stock numbers in Shetland will continue to decline as has happened over the last few years. Clearly this would make the viability of either the mart or abattoirs more difficult.

The factors that could contribute to further falls are obviously the support regime and regulations, and policy changes. The current SRDP schemes are “not likely to encourage growth” and the new Crofting Bill is not seen to have many positive outcomes for crofters.

However on the more positive side there could be changes to the LFA scheme as well as to the single farm payment that might encourage more stock; and market demand is expected to be sustained for both sheep and cattle, despite the recession. There is strong evidence that sheep prices are holding up and that producers can expect good returns this autumn.

The general perception is that stock numbers are near the bottom in Shetland and are not likely to fall much further. Numbers are expected to remain at around current levels over the next 4-5 years. Post 2013 might see some further changes in agricultural policy and support schemes which could cause further decline. On the plus side the reduction in numbers and stocking density does appear to have increased quality according to a number of observers.

The balance between producing and selling live store animals and finished animals for slaughter could alter depending on the price for value added products and availability of local abattoir facilities.

One of the main strengths of Shetland agriculture is the ability to produce high quality store animals that are healthy, disease free, and hardy. The long term sustainability of Shetland agriculture depends on Shetland taking advantage of its ability, and environment, to produce products that are distinctive and of a high quality and thus sought after in the market.

However the downside of Shetland's location is the long journey to the mainland during which sheep especially lose weight and condition.

Taking a global perspective there is an expectation that food price volatility is likely to remain over the next decade according to a report from the OECD/FAO². This is seen to be due to an increase in demand for biofuels on the one hand and increased supplies of products from low cost producers on the other e.g. in China and Brazil. There is also the expectation that the demand for meat will rise in the developing countries which should help to maintain livestock prices.

² OECD/FAO, Agricultural Outlook 2010 - 2019

3. Policy Context

3.1 Local

An equally important part of the baseline context for agriculture which has to be taken into account are all the relevant policies frameworks at different levels that impact on the local industry and which have to be considered in relation to any proposals made to ensure consistency and an integrated approach. The agricultural sector does not exist in isolation; it has to be seen in the wider local economic and social context.

Several agriculture strategies have been prepared by the SIC (in 1981, 1995, and 2003) as part of a series of economic sectoral and thematic plans within the umbrella of more general economic development strategies for Shetland, such as Shetland 2012 and subsequent policy statements that highlighted the need to shift the emphasis from production to market led approach, adding value, and deriving income from Shetland's natural heritage.

3.2 National and EU

At a **Scottish level** there have been and are several relevant policy /strategy documents. The main ones include the Scottish Rural Development Programme 2006-2013 (SRDP) and the Recipe for Success – National Food and Drink Policy 2009. The Shetland strategy should be seen to fit within these overall Scottish strategies and help to deliver the national priorities.

In addition there are changes proposed in the new **Crofting Reform (Scotland) Act** which could have some impact on crofting activity and structure in Shetland.

EU and Global level: Current EU agricultural policies are based on the reform package agreed for the period 2007-2013. However these are under pressure for further change and discussions are well underway for developing policies for the period post 2013.

There are global challenges in connection with food security, water scarcity, energy security, biodiversity decline, and climate change that all impinge on agriculture practices as we know them. There are also strong financial and trade pressures to reduce the level of public subsidies to the sector. On the other hand there is also the recognition that agriculture still contributes significantly to rural development and cohesion and to the delivery of public goods through the stewardship of the countryside and heritage.

The support to Shetland agriculture from the current system has been substantial, such that without it the industry is likely to have been considerably smaller than it is today. It is therefore not surprising that there is strong support for retention of the SFP, LFASS, and SRDP from those consulted on the agriculture strategy. However there are serious concerns about the whole support system as well. The main issues are considered to be:-

- The system is too complex and onerous.

- There are considerable uncertainties and delays.
- Many of the measures are not appropriate and difficult to access as they did not fit the Shetland circumstances.
- There is no access for people who have started after 2004 as it had an historical base line.
- The LFASS component does not fairly compensate for physical handicaps of remote island communities like Shetland, compared with less fragile areas.
- There is no flexibility to address issues differently in different geographic locations; it was a one solution fits all approach.

The Pack Inquiry was set up to identify the key issues facing the industry in Scotland and consider the sort of support that might be appropriate to address these issues. The Interim Report of the inquiry was published early in 2010 and had a mainly negative response from Shetland producers. The Short Term Recommendation report published in June 2010 contained 7 recommendations that suggest little change before 2013. The publication of the main report has been delayed until later in the year.

While there has been some support for some of the suggestions such as the move from the historic base to an area base and for only active farmers to be supported, there are a number of issues of concern to Shetland producers in the Pack proposals as follows:-

- The value to Shetland producers could fall significantly.
- The proposal seems to penalise active livestock units especially cattle production.
- Lack of recognition of biodiversity or public good elements in activity.
- Top up fund proposal could perpetuate short termism and uncertainty, and not help to contribute to longer term stability.
- Not enough account taken of physical constraints of remote island areas under LFASS element.
- Report seems to ignore multi functional character of agriculture.
- Model is still based on paying more to those with best ability to produce for the market on the best agricultural land.
- Still trying to get one solution to fit all circumstances.

Looking to the future, the CAP budget is under pressure to be reduced further post 2013 due to policy changes, financial constraints, and the needs of new member states. However there does still seem to be a commitment to some form of Pillar 1 direct support and that some form of income safety net is needed. LFA also has support and is likely to continue to be based on bio physical features or natural handicaps. There are moves to tighten up the classification and thus possibly the areas to be covered could be reduced. This should benefit Shetland.

At the moment it would appear that the support system is likely to remain much the same until 2013 when there could be some changes with a reduced amount of money, some form of area based direct payments with cross compliance, LFA payments, and tightly defined top ups or schemes e.g. for tackling climate change. There are fears that the changes could be quite radical and indeed the European Commission is likely to push for this, and there are strong views that “the only long term justification for future expenditure of tax payer’s money in the agriculture sector is the provision of public benefits”³. Nonetheless it is generally felt that the final picture post 2013 may not be significantly different in overall terms for areas like Shetland, due to food security and rural development concerns from Member States; though the detail may be different and it may change over the period to 2019, and it may require considerable lobbying to secure that outcome.

³ House of Commons Environment, Food, and Rural Affairs Committee in the “UK Government’s Vision for the Common Agriculture Policy”, HC Paper 546-1, May 2007

4. Consultation Analysis

A total of 846 questionnaires were sent out to producers and around 150 returned of which 140 useable. The results have been analysed for Shetland as a whole as well as some breakdown by areas so that it is possible to identify any regional variations. The returns also represent a good cross section of the different sub sectors of the industry. The responses are summarised in the Main Report. In addition interviews were held with key individuals in the industry and related activities. Some of the key points raised include:-

In response to the question about whether crofters and farmers should be paid to maintain, manage and enhance the environment and heritage and encourage wildlife, the overwhelming response (93%) was YES.

In response to the question about whether there is a sustainable future for the industry, a remarkable 74% felt there was, despite all the problems and uncertainty. However the Yes was qualified by the view that it could depend on a number of actions.

Overall this is a strongly upbeat response which contrasts with the answers to the question about your future and the future of your croft/farm, which were more cautious and less positive. The largest proportion (27%) saw little change over the next 5 years, while 20% expected a decline in livestock, output and income, thus nearly 50% were expecting the position to be stable to declining. 37% expect to have left the industry or retired, while only 12% expect to expand. However given that a further 11% plan to diversify into new activities there is a core of 23% that are thinking positively about the future of their units.

The high proportion of respondents that expect to leave or retire provide a challenge for the future and also an opportunity possibly for new entrants or restructuring.

The question about the services and infrastructure necessary to support a sustainable industry produced fairly strong agreement on the main priorities. The top two, by a significant margin, are the marts and abattoir, while the transport systems came third. The sea based transport system has been significantly upgraded and investment is underway to improve the two key services which effectively means marketing is now the number one priority for action.

The majority of the comments on the EU and Government actions were regarding reducing the amount of red tape, rules, regulations and paperwork, a fairer and more even distribution of European money and recognising that each area is different, and blanket policies are not fair on more remote and particularly island localities. There were also comments relating to paying absent crofters for not doing anything and that better grants schemes are required.

Views were sought on the various support schemes that have been available and what new ones may be required. The ones which received the most support were:-

- CCAGS came out strongly on top followed by CHGS
- The most important by far for retention and improvement were LFASS and SFP, followed by SRDP LMO and H&Is vet scheme
- There was strong support for both parts of the SIC Rural Development Scheme but especially for buildings, land management, fencing etc
- In order of frequency and importance the new schemes suggested were Environmental measure, Shetland breeds, collaborative activities, loans, and young entrants/retirement scheme.

A huge quantity of responses under general comments was received. Overall the tenor of the comments was remarkably positive despite many of the concerns. It may be that this is due to some of the key issues being tackled such as sea transport and the marts and abattoirs.

5 SWOT Analysis, Issues, and Priorities

Those who returned the questionnaires completed a SWOT analysis. This has been used as the basis for the SWOT that follows that is based on a wider input from individual meetings and our assessment of the situation.

5.1 SWOT

<p>Strengths</p> <ul style="list-style-type: none"> • High health status of stock • Disease free stock • Quality of stock • Native breeds • Skilled and positive labour force • Population retention in remoter areas • Countryside and land management 	<p>Opportunities</p> <ul style="list-style-type: none"> • Strong brand/story/PDO status • Finishing animals • Develop more cooperation • Local R&D and trials • Local market • Demand from external markets • Non agriculture diversification • Climate change
<p>Weaknesses</p> <ul style="list-style-type: none"> • Overreliance on subsidies • Lack of cooperation and unity within the sector • Lack of investment • Poor resource base and physical constraints • Limited scope for diversification • High cost of inputs and production • Distance from the market and small number of buyers • Fragmented and small scale of holdings • Lack of understanding of markets • Lack of “Shetland identity” in products 	<p>Threats</p> <ul style="list-style-type: none"> • Competition from cheaper producers in other areas • CAP policy changes • Reduction in public support • Lack of viability and price stability • Lack of and high cost of labour • Fluctuating prices and short term perspective • External factors such as disease • Reduction in area eligible for SFP due to improved mapping and deducting non productive land

The objectives and actions developed have been based on this analysis summary.

5.2 Issues and Priorities

Support System: The overall income and cost figures show that the industry is not viable without some ongoing support. It has been argued by the Crofting Foundation in particular, that compensation is necessary to achieve a more level playing field e.g. to cover the extra costs of the island and extreme climate and physical conditions, such as freight, more feed requirements, need for more shelter and robust buildings.

High Cost of Production: The extreme insularity of Shetland with a 338k sea crossing gives rise to very high freight costs for imports as well as exports of livestock to market.

Native Breeds: The isolation of the islands has resulted in special local varieties of animals and crops. These represent vital genetic pools for breeding and producing unique products with a Shetland identity. The Shetland sheep have been recognised by the EU and have Protected Designation of Origin (PDO) status. There is potential to develop these unique species and designations for other products e.g. cattle and potatoes.

Livestock Health: The isolation of the islands and limited ways in and out provides an opportunity to keep diseases out and develop healthy hardy stock. Considerable successful efforts have been made over the years by the industry and the Council to keep diseases out of Shetland and remain disease free for certain diseases. As a result Shetland stocks are free of many of the diseases that affect sheep and cattle on the Mainland. This has proved to be an important marketing and selling point that attracts buyers to Shetland.

Carbon Management: It is suggested by various research sources that agriculture and livestock production is a significant source of global greenhouse gas emissions. Calls have been made for agriculture to reduce emissions to become more environmentally sustainable. Appropriate actions are included within the action plan.

Bureaucracy and Paperwork: This has been an ongoing theme that is considered to be getting worse rather than better as the requirements for more record keeping and checking and monitoring increase. It is difficult to see much reduction in this work load therefore mitigation measures need to be considered in the action plan to reduce the impact.

Economics and Viability of Finishing Animals in Shetland: There is a strong desire to sell more animals to the local market as well as exporting meat to niche markets. However this can only be developed if it is financially feasible to do so. There is a need to undertake some independent assessment of what is feasible and what is not before investing in any new facilities for processing.

Marketing and Distribution: It has become increasingly important for the industry to become more market orientated and aware of what consumers and buyers are seeking especially in value added products, but also in the store market. Once this is established then it is possible to be more targeted and effective in marketing efforts, whether for the local market or externally.

Some useful work has been done in the past on the development of the “Taste of Shetland” brand. This needs to be revisited and updated where necessary so that it can become as effective as, for example, “Orkney Gold” has been for Orkney produce.

6. Scenario Analysis

Scenario planning as a technique is often used as a means to make flexible long-term plans or to determine options and priorities for a project, business or region. The study team carried out a scenario planning exercise in an attempt to assess a range of potential options based on our assessment of the key drivers of the economy in the medium term.

From this scenario analysis 4 options for the future have been developed to provide a context for what is most likely to happen and how Shetland should respond to external pressures.

Status Quo – Little or no change in subsidies or livestock or crop production levels, crofters and farmers continue to persevere on a year to year basis, similar number of people involved, albeit more part time.

Free Market Model – SFP and LFAS support cut back to 25% and focused on supporting crofters and farmers as custodians of the natural and historic heritage, some growth in prices, fewer livestock, fewer people involved and possible collapse of dairy sector.

Environmental Model – based on need to reduce environmental impact and cope with high energy prices through demand from growth in local market, reducing food miles, reducing imports and adopting more low intensity farming practices. SFP and LFAS continue at similar level but geared to achieving environmental targets and carbon reduction, rather than productive activity.

Incremental Change Model – support cut back gradually especially after 2013, no headage but some support for coping with natural handicaps, emphasis on store production, though some development of local market, little overall change in livestock numbers though some redistribution

The latter is probably the most likely scenario which has been used in the development of the vision for the future and the development of the strategic objectives. Nonetheless it is worth bearing in mind the possible implications of the variations outlined in terms of different economic circumstances outside Shetland, and the feasibility of different levels of public sector support.

7. Strategic Aims and Objectives

7.1 The Vision and Strategic Objectives

The results of the consultation and the analysis suggest that the overall vision for the agriculture industry in Shetland should be as follows:-

“to achieve a more viable, prosperous and sustainable industry that continues to make a vital contribution to rural development, both social and economic, to maintaining and enhancing Shetland natural environment and heritage, and to reducing Shetland’s carbon footprint.”

This vision also fits within the National vision as set out on the Forward Strategy for Agriculture which is “we want a prosperous and sustainable farming industry, one of Scotland’s success stories, which benefits all the people of Scotland”⁴, and the National Food and Drink Policy⁵ which is “to promote Scotland’s sustainable economic growth by ensuring that the Scottish Government ‘s focus in relation to food and drink, and in particular our work with Scotland’s food and drink industry, addresses quality, health and wellbeing, and environmental sustainability, recognising the need for access and affordability at the same time”.

This vision for Shetland Agriculture suggests that the focus for action needs to be on **5 broad strategic areas or objectives**. These are:-

- Improving the financial viability and sustainability of the sector and individual holdings
- Sustaining rural communities and improving their development and vitality
- Maintaining and enhancing the sector role in environmental and heritage management, and maintaining and producing public goods
- Supporting local collaboration, structural reorganisation, and working together
- Producing more high quality, healthy, safe, affordable, and “green” food for the market

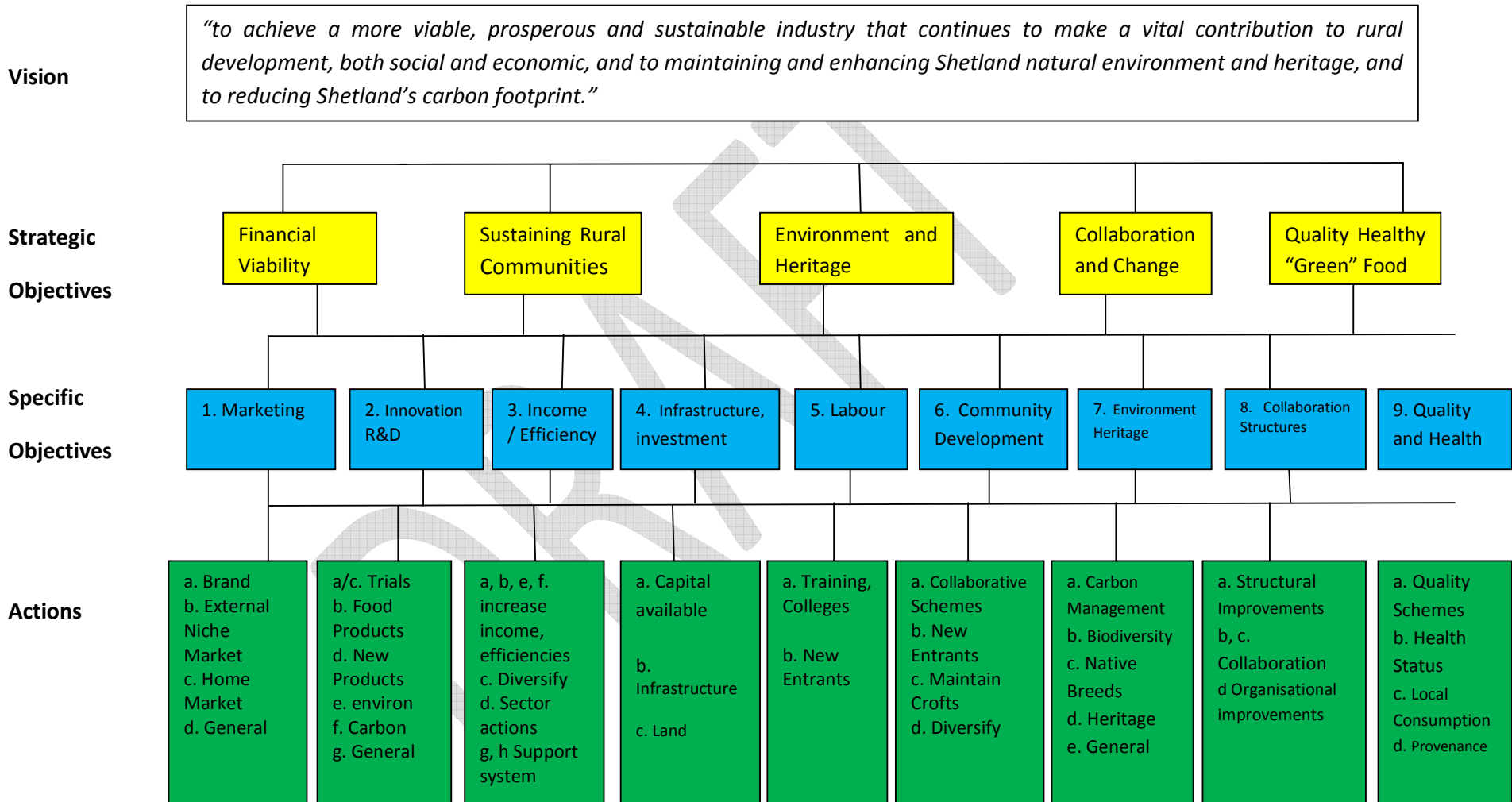
7.2 Objectives

Objectives and Actions have been derived from the analysis of the weaknesses, threats, and issues that need to be addressed and the opportunities and strengths that need to be taken advantage of, as well as looking ahead to what might be happening and the need to be ready to adapt to changes. These are grouped together within the strategic framework set out so that it is clear what specific actions are trying to achieve and enable monitoring and evaluation of progress, although some actions will obviously contribute towards more than one objective.

⁴ Scottish Executive, A Forward Strategy for Scottish Agriculture: Next Steps, 2006

⁵ Scottish Government, Recipe for Success, Scotland’s National Food and Drink Policy, 2009

Diagram 7.1: Agriculture Strategy



8. Action Plan

The vision and strategic objectives provide the direction for the strategy. This now needs to be translated into actions via the more specific objectives which should be measurable and time specific. In order to be useful the measures and proposals in the Action Plan should be costed and have quantified targets, and should identify who is to implement it. The table which follows provides a summary of all the proposals.

The Action Plan contains a wide range of proposals, many of which need to be developed further. The wide range reflects the fact that there are no simple solutions that will solve all the issues and that the industry is very diverse. Nonetheless the underlying messages are fairly simple and clear i.e. it is no longer enough just to produce a good product, it is necessary to become much more aware of the markets, adopt a much more commercial approach and seek higher returns to become more sustainable, to be involved in more collaboration/cooperation, and ensure new people are coming into the industry so that it has a longer term sustainable future. This of course also needs a bit more stability, and certainty in the support system, and confidence in the future

Clearly not everything can be done at once and some actions have a higher priority than others, thus the Action Plan being developed seeks to prioritise the actions proposed and to identify who is responsible for carrying them out. While a high priority should be given to developing ways of increasing the viability and efficiency of the businesses in the sector and reducing reliance on subsidies, it is suggested that an equally high priority needs be given to innovation and R&D and to marketing as they could help to unlock new opportunities.

Marketing came out of the consultation exercise as one of the top priorities. Given that action is underway on the top priorities of the Marts and abattoir provision and completed on the sea transport system, then marketing is at the top of the list.

The Action Plan contains nearly 100 suggestions for action with some initial suggestions for prioritisation and timescale for implementation to help focus on a shorter more feasible list of actions that are likely to have the most beneficial impact. It is critical that this is debated fully at this stage and the top priority actions agreed.

In order to facilitate that debate it is suggested that there are **5 key strategic priority areas** for action.

1. **Marketing:** – developing both local and external markets for meat, crops, and livestock, but with initial priority on the local market for meat and crops (objective 1).
2. **R&D:** Developing new ideas and products through R&D, trials, and support for innovation (objective 2).

3. Improving viability and sustainability of businesses by **increasing incomes** (objectives 3,4,6,7, and 8).
 - a. Through investment and efficiency improvements
 - b. Through making an effective case for continuing and improving support measures under CAP (SFP, LFASS and SRDP)
 - c. Through delivering public goods and community benefits
4. Maintaining and enhancing high **quality** products and **health** status through continuing current schemes and introducing more quality assurance measures (objective 9).
5. Through encouraging more **training** and support for **new entrants** (objective 5 and 6). Action in this area will complement the actions in the other 4 priority areas and help make them more effective.

Within these 5 areas there are clearly a number of actions that could be taken . These also need to be prioritised to identify the most effective and feasible courses of action.

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Objectives	Proposed Actions	Observations	Priority, H/M/L	Action by Whom
Financial Viability				
1. Marketing & Distribution			HIGH	
a. Brand	Revive Taste of Shetland lamb brands in conjunction with Promote Shetland	this should build on work done previously, some funds already approved for marketing action by SLMG	H, 2010/11	SLMG, Promote Shetland
	Expand and develop the “story” for the sector and its promotion in conjunction with Promote Shetland and Scottish Croft Produce Mark	need to identify who will drive this task. The importance of food products for tourism needs to be more fully developed as it can contribute to the sense of place and quality of visitor experience. Clear provenance, traditions, healthy food, traceable, environment and animal welfare friendly, low carbon are all key elements	H 2011	Industry, Promote Shetland, STA, VS
b. Niche Markets	Promote Shetland products in specific targeted niche markets	some work already been done e.g. by SLMG which needs to be carried forward	M, 2011/12	Industry, SLMG
	Promote diet/health value of Shetland lamb e.g. CLA and Omega	some work already done in this area	M, 2011/12	Industry
c. Local Market	Revisit public sector procurement policies locally	this is particularly relevant for meat and crops	H. 2010/11	SIC EDU and procurement unit, NHS, SLMG,
	Support the development of local outlets and farmers markets, and undertake promotion to local shops, consumers, and through schools – a “buy local campaign”	a more coordinated approach needed for local promotion , many useful examples from other areas	H, 2010/11	Industry, SLMG, SAC
d. General	Make more use of Food & Drink Scotland	may be able to provide technical support	L	Industry
	Establish an agric marketing sub group to work with producers, distributors, and markets	this is considered an essential action to help develop a more detailed plan	H, 2010	Agriculture Panel, industry

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	Investigate scope for use of electronic system for selling and marketing store animals and meat	lessons could be learned from the seafood electronic auction and ANM	M, 2012	SLMG
	Seek PDO,PGI,TSG status for other Shetland products such as cattle, wool, black tatties, saucermeat, reestit mutton, plus other "traditional food dishes and recipes	need discussions with Scottish Government unit	M, 2011	Industry, SIC EDU
	Seek to develop a more cost effective, and secure distribution system on Mainland UK	discussions needed with local hauliers	M, 2012	Industry, hauliers
	Investigate the introduction of contract growing system (or similar) so that produce what market wants when it needs it	Some system along these lines is vital to avoid past mistakes and supply problems	H 2010/11	Industry
	Investigate ways of improving quality control of products in conjunction with QMS, and introduce a system such as used in fisheries with SSQC	The development of the brand and logos needs to be accompanied with a Quality Control back up to ensure consistency and credibility (see 9a)	H 2010/11	Industry, SSQC, QMS
	employ a dedicated sales and marketing person to develop meat sales and markets as well as undertaking marketing	need to consider whether sales person should be separate from broader marketing efforts	H, 2010/11	SLMG, SIC EDU
2. Innovation, R&D			HIGH	
a. Crop trials and Breeds	Seek cooperation of Agronomy Institute with local colleges to undertake research	need to develop a programme of research and secure funding	H 2010/11	Shetland Colleges, SIC EDU, industry
b. Feasibility of Finishing	Gather local financial data and undertake an analysis of the options for sheep and cattle	Some work already done, it needs to be broadened to include different types of producers and results publicised	H, 2011	SIC EDU, SAC, industry
c. Food Products	Develop new and traditional products e.g. reestit mutton	research required to develop a range of potential products	H, 2011/12	S.Colls, Industry, SIC EDU, HIE
	Investigate setting up a Shetland Food Centre to promote/support local food production	this should be considered in conjunction with the Custer proposal in 8c	H, 2011/12	SIC EDU, HIE, Industry
d. Biomass and Energy	Support and undertake trials for biomass and other non food crops e.g. bog myrtle	it should be possible to learn from work done in other areas as a starting point	M, 2012/13	Industry, research institutes, SIC

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				EDU
e. IT	Extend the availability of broadband in rural areas to help crofters and diversification possibilities	action is being taken by Shetland Telecoms	M, 2011-	SIC EDU, Shetland Telecoms
f. Carbon Impacts	Undertake research on carbon impacts of Shetland production to help support marketing of Shetland Brand	Some work done by SAOS could be a starting point	M, 2012/13	SIC EDU
g. General	a budget needs to be established for agric R&D/research to help support individual projects	this needs to be done in conjunction with the development of a programme of work	H, 2010/11	SIC EDU, Scottish Government, UHI
3. Income / Efficiency				
a. Increase Value of Product / Sales	Continue to produce high quality produce to command higher prices	the onus here is on the producers	H, 2010-	Industry
	Encourage producers to grow more feed /fodder locally to improve viability of finishing animals	some support already available	H, 2010-13	SRDP, SIC EDU
	Value Added – provide technical and financial support for local processing, and develop value added products for low value resources such as skins and wool	need to build on previous studies, support available under current schemes	H 2011-12	Industry, SRDP, SIC EDU
	Investigate feasibility of small scale projects such as micro textile mill	work is currently underway on the micro textile mill	M, 2011/12	Industry, SIC EDU
b. Improve efficiency	Provide specialist support to agri businesses to adopt more efficient practices	support possible under existing schemes	M, 2011/12	SAC, SIC EDU, HIE
	Encourage efficient use of resources and waste management practices	support possible under existing schemes	M, 2012/13	SIC EDU and Environmental Services
	Investigate management schemes for rabbits, poleferrets, leatherjackets, and geese	These have been tried before with limited success, need more lateral thinking	L	Industry, SIC EDU, SGRIP
c. Diversify	Provide business advice and support for new ventures	currently available under Business Gateway	M, 2010-	Business Gateway, SIC
	Seek support for development of small scale	support currently available though needs	M, 2010-	Industry, EST,

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	energy generation/conservation projects	more promotion		SRDP, SIC EDU
d. Sector Actions (not covered elsewhere) - Sheep	Provide support to make sure EID intro will overcome technical issues and have positive benefits e.g. full traceability	some support and advice already available	L	SIC EDU, SGRPID, SLMG
	Seek incentives for finishing, adding value, and other related products	support already available	H	SRDP, SIC EDU
- Beef Cattle	Continue support for QA schemes , bull purchase and availability	support already available	H	SRDP, SIC EDU
	Seek more support for capital investment e.g. to improve buildings	support already available	H	SRDP, SIC EDU
	Seek incentives for finishing and value adding	some support already available	H	SRDP, SIC EDU
- Dairy	Introduce efficiencies and reduce cost of production	support already available	H, 2011/12	SRDP
	Adopt new technologies and develop value added and wider range of products e.g. yoghurt and ice cream	support already available	H, 2011/12	SRDP, SIC EDU
	Address quality perception issues and develop a buy local campaign	the local market needs to have confidence in the local products	H, 2010/11	Industry, SIC EDU Marketing
Other Livestock (pigs, goats, poultry)	Support for diversification and increased range of products	support already available	M, 2012/13	Industry, SRDP
Crops - Horticulture	Support further expansion of local food production	support already available	M, 2011/12	SRDP, SIC EDU (PVHS)
Field Crops	Support further expansion of local food production	support already available	M, 2011/12	SRDP, SIC EDU
e. Reduce cost of production	Support collaborative actions	support already available (see also 8b&c)	M	SRDP
f. Increase stability of prices	Development of multiple markets, less dependence on few outlets	efforts under 1 above will help achieve this	M, 2012-	Industry
g. Maintain useful support schemes	Maintain CCAGS, CHGS, H&Is Vet scheme, SIC Rural Development scheme	continue current schemes where possible	H, 2010-	SRDP, Crofters Commission, SIC EDU
h. Improve support schemes	Lobbying for maintaining and improving	An ongoing support system is essential	H,	Agric Panel

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and avoid abandonment of crofts	LFASS/SFP system to be more suited to Shetland conditions	for agriculture given market failure to provide a price to cover production costs. It is equally important that such a system has sufficient flexibility to take account of different circumstances in Shetland. There is an opportunity to influence changes through the ongoing debate on CAP reform post 2013.	2010/11	
	Lobbying for change to SRDP especially LMO so that more appropriate to Shetland conditions	This will require collaboration and a concerted effort jointly between the industry sectors and agencies to take the case to the SGov, UK Gov, and EU	H, 2010/11	Agric Panel
	Seek change to SFP so that tied to land and not a person	This will require collaboration and a concerted effort jointly between the industry sectors and agencies to take a case to SG/SGRPID	H, 2010/11	Agric Panel
	Lobbying for simpler regulations and reducing paperwork and more multi annual agreements to enable more forward planning	This will require collaboration and a concerted effort jointly between the industry sectors and agencies	H, 2010/11	Agric Panel
	Seek changes to LFASS to give more recognition to physical and insular handicaps	This will require collaboration and a concerted effort jointly between the industry sectors and agencies	H, 2010/11	Agric Panel
	Need funding to back up lobbying effort	this could include producing reports/documents as well as travel to meetings	H	SIC EDU, Industry
	4. Infrastructure/investment			
a. Capital Availability	Develop a new loan scheme with minimum paperwork	a soft loan scheme is not likely to be feasible therefore need to work with commercial sector	M, 2012-	SIC EDU, HIE, Banks, SCT
b. Infrastructure	Investigate feasibility of developing small scale food processing facilities	work has already been done on this and should be revisited	H, 2011/12	SIC EDU, HIE
	Support inward investment especially where	this could be eligible under current	M, 2010-	SIC EDU, HIE

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	introducing new technology	support schemes		
	Support wider introduction broadband	see 2e	M	SIC EDU, Shetland Telecoms
c. Agricultural land	Protect good agric land (4.2 and 5.2) through local planning policies	continue to turn down applications for multiple houses on good agricultural land and do not zone (4.2 and 5.2 land) for housing even where owner willing	H, 2010-	SIC Planning
	Get more detailed maps of land quality drawn up to support policy implementation	all proposals under the new development plan should be tested against agric land criteria	H, 2010-	SIC Planning
	Revisit land improvement schemes	support currently available for lime and fertiliser but not considered sustainable, need to consider other options such as an expanded use of seaweed and other local resources	L	SIC EDU
5. Labour				
a. Training	Planning to Succeed scheme tailored for Shetland needs, based on skills needs analysis	This is a national scheme that has been used in 15 areas in Scotland to help improve productivity and management skills and become more market driven.	M, 2012	SColleges, Lantra, SATGA, Careers Scotland
	Encourage and support training for young people to enter the industry (especially if 37% expect to leave the sector in the next 5 years)	This is seen as a high priority from the questionnaire responses. Need to ensure as much training is provided through local Colleges as possible	H, 2011/12	SColleges, Crofters Commission, Careers Scotland
	Marketing training and seminars	This is seen as a high priority	H, 2011/12	SColleges, Lantra
	Training in quality requirements and butchering skills and animal health/welfare	This is seen as a high priority	H, 2011/12	SColleges, Lantra
	Training in business skills	This is seen as a high priority in conjunction with marketing training, particularly in order to encourage the younger generation to take a more market focused and business orientated	H, 2011/12	SColleges, SIC EDU

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		approach to managing their crofts/farms and increase confidence in the future of the industry		
b. New Entrants	Retirals and succession planning advice and scheme	This is seen as a high priority	H 2011/12	SIC EDU, Business Gateway
Rural Development				
6. Rural Community Dev.				
a. Collaborative schemes	Encourage cooperation between large number of part time operators e.g. to overcome machinery costs, improve efficiency, EID equipment, internal transport and purchasing supplies	There is scope for support within existing schemes	M, 2011-	SRDP, SIC EDU
	Investigate setting up sheep stock clubs for common grazings	This option needs to be considered in areas where manpower issues especially	M, 2012-	Industry, SIC EDU
b. New Entrants	Encourage and help new entrants through business advice and incentives	dealt with under 5a	H, 2010-	Business Gateway, SIC
	Introduce incentives to release land for new entrants and help new entrants e.g. through access to entitlements (entitlement purchase and lease scheme)	this would need to be carefully assessed to avoid negative effects before being considered	M, 2012-	SIC EDU, Crofters Commission
c. Maintaining Crofting system	Retain small crofts in rural areas to retain population and encourage creation of new crofts	it is difficult to see practical ways of achieving this though considered a high priority by some in the industry (see also 6a and 8a)	M, 2012/13	Crofters Commission
	Ensure housing support system remains in place	continue existing scheme	H, 2010-	Crofters Commission
d. Diversification	Identify and promote case studies	this can encourage wider dissemination	M, 2012-	SIC EDU
	Support knowledge transfer from other areas	this avoids reinventing the wheel e.g. learning from trials elsewhere such as the QMS monitor farms initiative in Skye	M, 2012-	SIC EDU
	Support new types of food production	this could be supported through current schemes and provision of small business units (see also 2c)	H, 2010/11	SRDP, SIC EDU

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	Support non food crops and activities e.g. bio fuels, energy, creative industries, new technology, IT	action dealt with under 2c	M	SRDP, SIC EDU, HIE
	Support the development of agri tourism with small guest house and self catering provision, recreated crofting township, heritage interpretation, working crofts, access, trails	support available under current schemes, but may need to consider creating a strategic framework first rather than ad hoc approach	M, 2012-	SRDP, SIC EDU, HIE
	Consider developing an energy from farms programme	support is available from current schemes but not been taken up therefore needs to be reviewed	M, 2011-	SRDP,EST,SIC EDU
Environment and heritage				
7. Environment/Heritage				
a. Carbon Management	Support more organic production	support available under SRDP	M, 2010-	SRDP
	Increase output to local market	action under 1c	H, 2010-	Industry
	Encourage use of more efficient equipment	support available under SRDP	M, 2011-	Industry, SRDP
	Support use of indigenous materials	this can be supply of local inputs such as feed and building materials	M, 2011-	Industry
b. Landscape/Biodiversity	Encourage high value nature farming/ low intensity farm systems	support available under SRDP, but may also need some pilot projects	H, 2010-	SRDP
	Foster conservation of traditional landscapes	support available under SRDP	H, 2010-	SRDP
	Encourage more mixed agric units	support available under SRDP	H, 2010-	SRDP
	Encourage keeping of cattle for biodiversity	support available under SRDP	H, 2010-	SRDP
	Support implementation of Agri BAP through funding an adviser	also need to take account of SEA recommendations	M, 2012-	SIC EDU
	Develop a new scheme modelled on ESA i.e. non competitive with Shetland criteria	need to lobby for modification to SRDP scheme (see also 3h)	H, 2010-	SRDP,SIC EDU
c. Native breeds	Provide incentives to keep more cattle and sheep	support has been given in past, revised scheme needs to be developed	H, 2011-	SRDP
	Investigate setting up a Shetland native breed centre to promote local breeds	this should be eligible for funding from existing schemes	M, 2011-	SRDP, SIC EDU

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d.Heritage	Additional support and help to maintain/enhance public goods (SPA,SAC,SSSI)	need to identify whether additional support would be effective	M, 2012-	SRDP, SNH, SIC EDU
	Encourage the conservation and enhancement of heritage sites	support available	M, 2012-	SRDP, SNH
e. General	Seek resources to process agri environmental applications under SRDP	This already being implemented	H, 2010-	SAC, SIC EDU
Collaboration				
8. Collaboration/Structures				
a. Structural Changes	Produce a framework or plan for restructuring holdings in Shetland	This would need to be subject to a separate study	L	Agric Panel, CC
b. Collaborative Schemes	Cooperation – machinery groups community groups	support could be available if projects brought forward	L	Industry, SRDP
	Encourage cooperation with other regions to foster best practice and knowledge transfer	there is scope for funding for these types of projects	M	EU, Leader, Interreg
c.Supply Chain Collaboration	Strengthen links with processors and retailers and support collaboration on more efficient distribution systems and processing	set up working group as a priority and consider different ways of improving the position of the primary producers in the food chain	H, 2010-	Industry
	Investigate setting up an agriculture/food/heritage Cluster to include food , tourism, crafts, with Shetland breeds (ponies, cattle and sheep), food processing, marketing, R&D, and training	a separate study needed to establish what is feasible	M, 2012-	SIC EDU
d Organisational Structures	Reconsider establishing an umbrella body to promote the interests of the industry and present a united lobbying front	While there is a need to focus in short term on cooperation and working with existing bodies, there is also a need to consider ways in which the capacity and bargaining power of the primary producers can be improved through actions such as establishing a Shetland Agricultural Producers Organisation. This	L	Industry, SIC EDU

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		body could also have a sales and marketing role		
	Set up enhanced Agric Panel with sub groups charged with implementing specific parts of the strategy	this is vital to ensure implementation of the strategy	H, 2010-	Agric Panel
	Widen membership of the Panel and greater involvement and collaboration with other sectors e.g. food and tourism	this is vital to ensure implementation of the strategy	H, 2010-	Agric Panel
	Seek to develop a more effective voice for the remoter farming communities in Scotland/H&Is to get a better deal from national and EU support mechanisms	this could mean working with other areas such as Western Isles and North West Highlands	M, 2011-	Agric Panel
	Support introduction of simpler support systems and reducing bureaucracy and paperwork	this could be part of the joint lobbying effort on the support system see 3h	H, 2010-	Agric Panel
Quality, Health, "Green" Food				
9. Quality and Health			HIGH	
a. Quality schemes	Investigate setting up a quality assurance system and participation in Scottish QA schemes	quality control is essential part of effective marketing, see 1d	H, 2010/11	SIC Environ Health, industry , SSQC, QMS
b. Health status	Continue to support current animal health schemes and extend coverage of diseases	this is undertaken by the SIC and seen to be vital service that should continue as it underpins marketing efforts	H, 2010-	SIC Environ Health
	Continue to protect Shetland animal health status	this is undertaken by the SIC and seen to be vital service that should continue as it underpins marketing efforts	H, 2010-	SIC Environ Health
c. Local consumption	Encourage consumers to buy local and support local farmers markets	this is dealt with under 1c	H, 2010-	SIC EDU, industry
	Encourage and facilitate corporate consumers to buy local	this is dealt with under 1c	H, 2010-	Industry, SIC EDU
d. Provenance	Promote more PDOs and PGIs and TSGs e.g. Shetland wool, cattle, potatoes	this is dealt with under 1d	M	SIC EDU, industry

9. Resources Required

In order for the strategy to have any chance of success it will need resources in time, labour, expertise, and money. The level of resources available is likely to constrain the actions that can be taken and focus the mind on the most important priorities. A cost estimate will be given for financial resources required for each action in the final Action Plan over the next 5 years.

In addition to finance, and possibly more critical in some cases, is time and expertise that could be available from different sources to help projects forward such as:- Scottish Agricultural College advisers, SAOS , Business Gateway through the SIC, Universities e.g. Agronomy Institute in Orkney/UHI, and other expertise as required

10. Environmental Impact (SEA)

(still being produced)

11. Strategy Management, Implementation, Monitoring and Evaluation

Strategy Management and Implementation: It is vital that the industry takes ownership of the strategy along with the agencies and sets up a process to ensure the implementation of the actions and monitoring and evaluating progress towards achieving the objectives and targets agreed.

Who should take responsibility for managing the implementation of the Strategy and Action Plan? It could be a new body created for the purpose such as Shetland Agricultural Strategy Group (SASG), or an existing one from within the industry. It is clear however that it has to include people from across several sectors and a range of agencies. Ideally it should be chaired by the industry, but unless secretarial and other support is provided, this may not be realistic. Thus the obvious body at this stage to take this role is the existing Agricultural Panel which is run by the SIC and composed of the industry and agencies and could bring on board additional people to help address specific issues.

The expansion is suggested so that it is seen to be representative of all sub sectors, so that it can take a more integrated approach with other sectors, and so that it has a critical mass of people and expertise from which to form sub groups.

There needs to be clear responsibilities established and persons identified to drive forward specific priority action areas as well as providing the secretariat and admin for the process. This could be from within the Panel or with others brought in to deal with specific tasks e.g. undertake further research.

The full Panel need not meet frequently but it is suggested that at least 5 sub groups should be formed to take forward the actions needed under the 5 strategic objectives and priority action areas, and report back to a plenary session of the Panel at least once per annum. It needs to be seen as a true working partnership and it needs to focus on the issues of tomorrow as well as the more immediate crisis issues of today.

The Panel could be responsible for overseeing the whole process and for structural and collaborative issues (Objective 8). Individual Panel members could be responsible for chairing one of the suggested sub groups.

1. Marketing (Objective 1)
2. Innovation and R&D (Objective 2)
3. Income/Efficiency, Infrastructure and Investment, and Labour (Objectives 3,4, & 5)
4. Community and Environment (Objectives 6&7)
5. Quality and Health (Objective 9)

Monitoring and Evaluation: Performance Indicators and Targets need to be developed in consultation with the stakeholders to help measure progress towards strategy goals, inform priorities, and target resources. An annual report on progress against targets needs to be produced.