FOOD NORTHWEST

FULFILLING THE POTENTIAL OF LOCAL FOOD IN ENGLAND'S NORTHWEST

DECEMBER 2008

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Contents

Introduction

2.1 The Northwest has the opportunity to be the best UK region for the availability, supply and consumer demand of local food and drink.

2.2 As a region we have so much to offer. We have the second largest dairy herd in the country as well as two territorial cheeses (Lancashire and Cheshire) still made in the areas they originated from more than 900 years ago. The alluvial plains of West Lancashire boast some of the best horticultural land in the UK. We sustainability harvest the sea and its estuaries from Lytham to the Solway to give us brown shrimp, flounder, sea trout, whitebait and salmon. The industrial towns of Greater Manchester and East Lancashire were the birthplace of the temperance movement and delicious black pudding. We have a very strong value-added red meat sector that uses local provenance as a key point of difference. And more recently, this part of the region has seen our British Asian communities introduce a new and exciting element into our local food culture.

2.3 We also have some wonderful restaurant ambassadors such as Nigel Haworth, Simon Rimmer and Gary Manning all with a national profile and all championing our local produce. Furthermore, we are blessed with one of the best local food retailers in Booths Supermarkets, who are regularly held up as the industry example for local sourcing.

2.4 But most importantly we have a vast number of entrepreneurial, innovative and hard working local producers across the region who are committed to producing quality food and drink with genuine local provenance.

2.5 Retailers, wholesalers, food service and tourism businesses in the region have recognised the opportunities presented by local food and are now taking steps to improve their current offer. However despite a well documented growth in consumer demand, certain blockages exist along the supply chain preventing the improvement of availability and supply of local food in the region.

2.6 Food Northwest, the strategic body representing the regional food and drink industry through support from the Northwest Regional Development Agency (NWDA), have recognised that blockages exist along the supply chain and have commissioned the development of this Action Plan with a view to directing public sector funding to address market failure as well as capitalise on opportunity within the sector.

2.7 Rural Innovation and their partners have been commissioned by Food Northwest to identify the opportunities and blockages that exist and put forward an integrated plan of action that will increase the availability, supply and consumer demand for the local food in the Northwest.

2.8 This report is the full Action Plan for the development of local food supply chains in the Northwest. The delivery life-span is 3 years, starting January 2009.

Summary of Research

2.1 The first stage of the study has been to collect an evidence base to justify a rationale for public sector intervention. Our research included assessment and analysis of existing research documents, a survey of more than 100 primary and secondary producers from across the region and 22 in-depth consultation interviews with key industry stakeholders. Our approach was to use the collated information to identify opportunities for local food supply chain development and so by address the following four strategic questions:

1. What is the current regional picture of primary and secondary processors in relation to value-added local food production?
2. Is there evidence of policy and market conditions which constrain the development of sustainable local food supply chains within the sector and if so, what level and type of publicly funded intervention would be appropriate to address these conditions?
3. What are the strategic drivers at sub-regional, regional and national level that will influence the outcomes that must be delivered through publicly funded intervention?
4. What is the potential return on investment (economic, social and environmental) that may be achieved through this intervention?

2.2 We have included a full analysis of survey results from primary and secondary producers in appendix 1 and a summary of feedback from the stakeholders in appendix 2. This section presents our main findings from the market research and includes:

- SWOT (strengths, weaknesses, opportunities, threats) summary for local food supply chains;
- Respondent feedback on the best forms of public sector assistance
- A statement on the market potential offered by public sector procurement; and
- Comment on specific research into delegated funds.

SWOT Summary

Strengths

2.3 The diversity of landscape and rich traditions of food and drink production, we believe, gives the Northwest an advantage that surpasses all other regions in England. The three counties of Cumbria, Lancashire and Cheshire all have burgeoning local food sectors that have the potential to deliver wider benefit to the regional tourism and land-based sectors. In addition, the excellent food and cultural offer in the major regional cities of

Manchester and Liverpool gives the Northwest the unique opportunity to shine a spotlight on all that is best in local food and drink. Other UK regions, with far less local food assets, have focused public investment towards their local food sector. It is our contention that the Northwest region would be passing up a huge opportunity if development of local food supply chains was overlooked.

2.4 There is universal support within the public and privates sector for the development of local food supply chains. Within the public sector the business support, tourism, and land-based sectors fully support the work of Food Northwest and its sub-regional delivery partners (e.g. Made Ins). There are many experienced and passionate people committed to the successful development of the sector. Within the private sector, the Northwest is blessed with a retail and foodservice industry committed to local food. Based in the region, Booths is a national leader in its support of local food and there are numerous independent food stores that also drive the sector. In addition, there are a growing number of restaurants and foodservice outlets that specifically champion the use of local food and drink. The success of chef, Nigel Haworth on the recent BBC2 Great British Menu programme has generated even further interest in the region.

2.5 The "Taste" quality accreditation scheme run by the Tourist Boards for both Lancashire and Merseyside demonstrate a successful model that integrates local food into the fabric of the sub-regional tourism offer. These schemes have the support of the NWDA Tourism team and our discussions with the other Tourist Boards (Cumbria, Cheshire & Manchester) in the region revealed an interest in adopting something similar.

2.6 Our research indicates that the majority of the region's farming community recognise and support diversification into value-added local food production. Of those who had already taken steps to add-value to their outputs only one third said it had not achieved what they had expected. The NFU, CLA and NWDA Rural team all recognise that diversification into local food production can benefit the sustainability of the farming community however they do stress that this is not necessarily a viable option for every farmer.

2.7 The region has a number of value-added food processing facilities available for new producers / farmers. There are currently facilities in both Cumbria (Food Technology Centre) and Cheshire (Reaseheath College) both of which have a relationship with the Further Education network. Myerscough College in Lancashire also has plans to develop a similar offer. These facilities incorporate flexible, industry-standard development kitchens for education, training and commercial production.

Weaknesses

2.8 There is currently a lack of coordinated effort across the public sector in the development of local food supply chains. Each sector (tourism, business support, food specific and land-based) all have their own initiatives and agendas when it comes to development of local food in their sector. There is a dialogue between the different public sector bodies but no real coordination of activity.

2.9 Perhaps due to the lack of coordinated effort in the public sector there is confusion among food producers and farmers of what support is available and from whom. This confusion also extends to the retail, wholesale and foodservice sectors who as a general rule, do their own thing rather than work within the framework of activity established by the public sector. Improved levels of engagement and a clear public sector voice are required to move the sector forward.

2.10 Retailers, restaurants and tourism establishments highlighted distribution and availability as a significant barrier preventing them from sourcing more local food. Farmshops, independent retailers, restaurants and local hotels using local food to differentiate their offer were sometimes unable to source the range they wanted due to minimum order requirements. It was often cost and time prohibitive for many small retail and foodservice businesses to source local food as it meant expensive carriage charges or the need to deal with high numbers of deliveries and invoices. This was also cited as a problem by the larger retailers who were often restricted from sourcing quality, local product due to the capacity of the supplier and that individual stores could not accept separate deliveries from multiple producers.

Opportunities

2.11 The market for locally and regionally sourced food products in the UK is estimated to have grown by 15% from £3.75bn in 2005 to £4.3bn in 2007[1]. The IGD expects further growth for locally and regionally sourced products and predicts the market to be worth £5.7bn by 2012, an annual average growth rate of 5.8%. This is despite the economic downturn. The IGD report that 3 in 5 people say it will have no impact on future purchasing of local food while the remainder are split - 1 in 5 saying they will buy less and 1 in 5 saying they will buy more.

2.12 The vast majority of food retailers (multiple and independent) recognise the potential opportunity offered by increasing the availability and range of local food and drink. All the major retailers have implemented initiatives designed at increasing the range and raising the profile of local food in their stores. Tesco have made local food a key part of their Community and Social Responsibility (CSR) strategy and have a long-term promise to stock more local lines than any other retailer and increase local product sales from £400m in 2008 to £1bn by 2011. The Tesco 'Meet the Buyer' event run by Food Northwest in October 2006 delivered listings for 9 suppliers (out of 36) equating to 30 - 40 product lines and additional annual sales in the region of £1 million.

2.13 The regional tourism sector represents an excellent, and to date, relatively untapped opportunity for the development of local food supply chains. Research conducted for the NWDA has shown on average 61% of all tourist trips in the region involved eating or

[1] Defra, IGD UK Grocery Outlook 2007

drinking. The survey showed that of those visitors who ate out, 40% used an independently run or local restaurant, compared to 15% in a branded restaurant. 45% of this group used a pub to get something to eat or drink, and 53% used a tea shop or cafe. 11% of people had a picnic[2].

2.14 Our research indicates that more than 80% of existing local food producer and farmers would source more raw materials locally if they were available. Relative cost of alternatives will always be an issue; however this response is still encouraging as it demonstrates recognition among local food producers and farmers of the importance of supporting local economies wherever possible.

2.15 Selling product direct to customers is seen as the preferred and most lucrative route to market for the majority of food producers and farmers interviewed for this study. Current direct routes include farmer's markets, consumer events, online and farm-gate / shop sales. Our research indicates that these routes deliver maximum return to small food businesses and act as an excellent stepping stone to the growth and development of many individual food businesses.

2.16 Research carried out by North West Fine Foods (NWFF) identified excellent levels of sales success for local food producers attending consumer and trade events. During 2006 / 07 NWFF organised attendance for local food producers at 4 major trade shows across the UK (Food Expo, IFE and the Specialty Fine Food Fair x 2). A total of 77 local food producers attended the events and all but 2 (3%) were able to cover their costs through the sales generated as a direct result of the event. On average, all local food producers generated additional sales of around £5k in four months following the event. There were a number of examples where producers achieved much higher sales figures (one producer generated £150k in additional sales).

2.17 In regard to consumer shows, the most recent piece of research into financial outcomes was based on the Oldham NWFF Food Lover's Festival in May 2008. The research was conducted by 'Arts About Manchester' and showed an average on site spend of £31.17[3] per visitor. The attendance figures for the Oldham festival were fairly low (compared to other Food Lover's Festivals) at just over 3,000, but still delivered a gross on-site visitor expenditure of £98,151. With 60 producers attending the event this equates to an average of £1636 per producer. Previous Food Lover's Festivals, particularly the events held at Stonyhurst College, have attracted visitor numbers of up to 10,000. Therefore, if we use the same average spend as Oldham this equates to £311,700 which divided into 60 producers would give £5,195 per producer. The 2007 Wirral Food Festival reported attendance figures of 14,000, again with the same average spend it would give total producer sales of £436,380. The same research for the Oldham Food Lover's Festival also identified an average off-site expenditure of £15.13 per person, benefiting the local economy to the tune of just under £50,000. Again applying the same figure to the other

[2] NWDA, Food & Drink and the Visitor Economy: A Discussion Paper
[3] This corresponds with previous research undertaken by NWFF into average spend at Food Lover's Festivals

events off-site spend totals are estimated at £151,300 for Stonyhurst and £211,820 for Wirral.

2.18 Our discussions with industry stakeholders revealed the marketing value of industry awards. The food and drink sector is extremely competitive and it is often cost prohibitive for a small food business to undertake a high profile advertising campaign. Several private sector consultees said that winning industry awards enabled them to secure excellent levels of publicity (with the right message) at a fraction of the cost of implementing their own marketing communications campaign. In addition, well managed industry awards help to raise the overall image of the sector in the eyes of consumers; they communicate best practice within the industry and are often the catalyst that encourages small producers to undertake training to improve the performance of their business[4].

Threats

2.19 There are insufficient levels of market intelligence throughout the local food supply chain impacting on the efficiency and potential development of the sector. In the main, local food producers and farmers are not fully aware of the potential market opportunities available to them; while at the same time many retailers and restaurants don't know the full extent of the local food offer available. We accept that some databases do exist (Business Link, Made-Ins, Food Northwest) however, these are not comprehensive. It is our view that the availability of accurate and comprehensive information for all members of the supply chain would greatly enhance the possibility of increasing supply and availability of local food across the region.

2.20 There is currently no consistent message to consumers in the region concerning local food and drink. Confusion exists around what is local food, its availability and the benefits it offers. While IGD research points to an increase in demand we believe there needs to be improved levels of communications to consumers in order to capitalise on the potential opportunity. The main counties of Lancashire, Cumbria and Cheshire lack a clear identity when it comes to local food; this is in spite of the rich heritage in local food production and a number of iconic food products with national recognition.

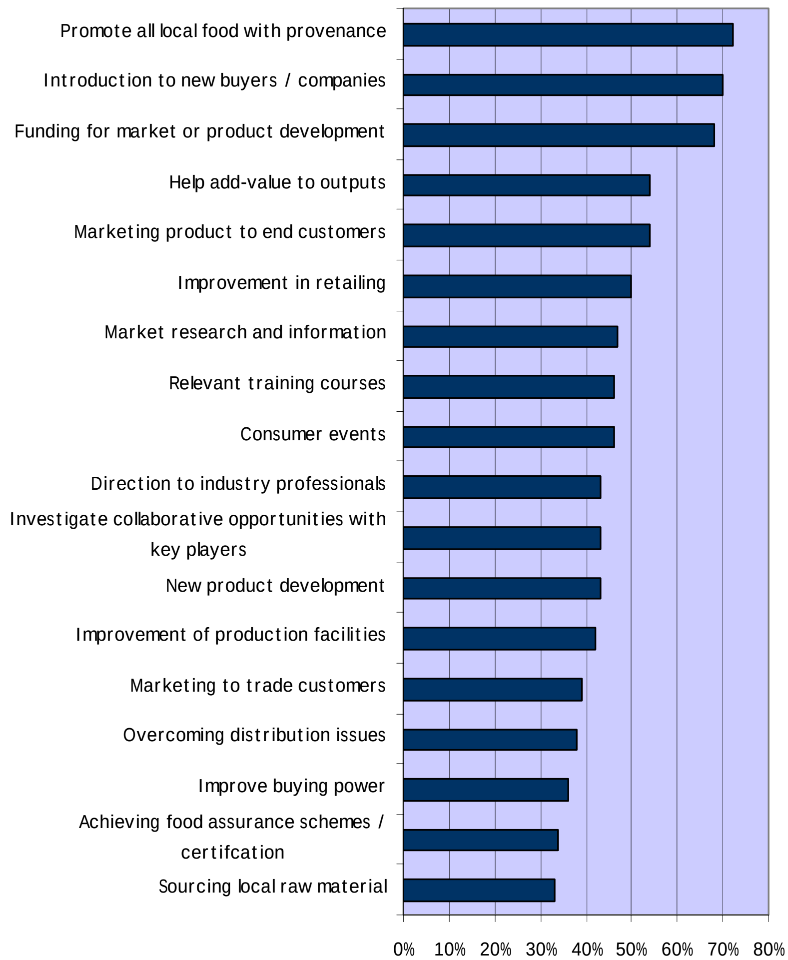
Assistance

2.21 A key element of the market research activity was to identify specific areas where producers, farmers and industry stakeholders felt support was needed to benefit the development of the sector. Producers and farmers were asked what type of third party assistance they would welcome to improve their business. All in all, they were open to a wide range of assistance with the biggest need for support perceived to be in the generic

[4] Research conducted by North West Fine Foods

promotion of local food with provenance (72%), being introduced to new buyers or companies (70%) and funding for market or product development (68%).

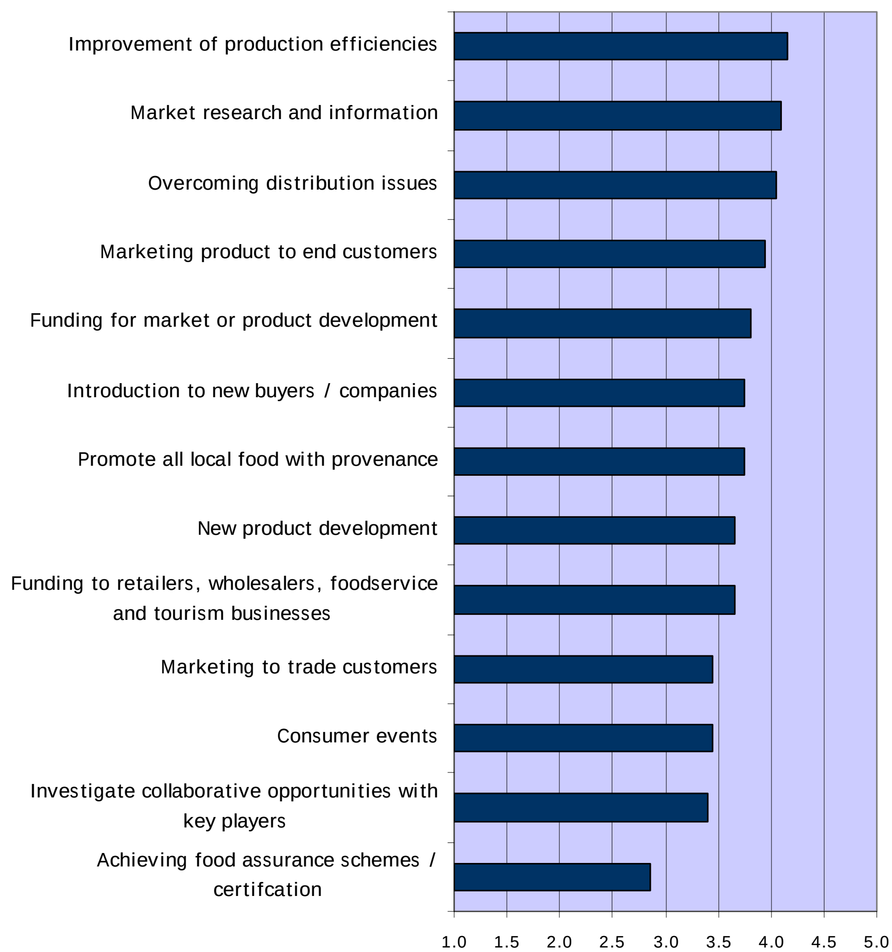
Figure 1: Third party assistance that would be welcomed



Base: 76 respondents

2.22 Stakeholders were asked a similar question but worded slightly differently. They were asked what type of third party assistance would be most effective in improving the availability, supply and consumer demand of local food in the Northwest. Interestingly, as shown in figure 2 the generic business support of addressing production efficiencies was rated as the most effective, with the supply of market intelligence, overcoming distribution issues and assistance with marketing to end consumers also rating high.

Figure 2: On a scale of 1 - 5 with 1 being the least effective and 5 being the most effective, please rate the likely effectiveness of the following ideas for improving the availability, supply and consumer demand of local food.



Base: 20 respondents

Public Sector Procurement

2.23 We believe that at this point in time, public sector procurement does not offer significant opportunity for the development of local food supply chains in the Northwest. This is despite the DEFRA led Public Sector Food Procurement Initiative which was specifically designed to improve the supply of local food into the public sector.

2.24 The ultimate goal of this Action Plan is to increase the availability, supply and consumer demand of local food in the region and thereby deliver benefit to the local food entire supply chain. It is our contention that for this to happen, our focus must be on local food that uses provenance to add-value and differentiate it from the commodity market. This focus towards local food with provenance immediately limits the potential market opportunity the public sector can offer as the priorities for purchase are targeted towards best value for the public purse rather than value-added, local food product.

Delegated Funds

2.25 Feedback from producers, farmers and stakeholders suggested that the availability of delegated funding to support individual business would benefit the development of local food supply chains in the region. While we appreciate the value and impact that delegated funds can bring, we also understand the significant costs associated with administration, assessment and monitoring of the funds. We are also aware that a number of RDPE (Rural Development Programme for England) Action Plans within the region have delegated funds that can support the production and development of local food. Therefore this Action Plan does not include any delegated funding for individual businesses.

The Action Plan

3.1 We believe our evidence demonstrates a need for intervention to alleviate market failures as well as unlock the latent opportunities that exist along the local food supply chain within the Northwest.

3.2 Our rationale for intervention is sound; it has been government policy since 2002[5] to support the development of local food supply chains and there is continued evidence of market failure at a regional level as identified by the recent review into public sector support carried out by ADAS[6]. We also know that the market for locally and regionally sourced food products in the UK is estimated to have grown by 15% in the last 3 years, from £3.75bn in 2005 to £4.3bn in 2007[7]. The IGD expects further growth for locally and regionally sourced products and predicts the market to be worth £5.7bn by 2012, an annual average growth rate of 5.8%.

3.3 There is also a strong strategic case for the development of the local food sector. Food and drink has been chosen as a priority growth sector by the Regional Economic Strategy, contributing approximately £8bn[8] in GVA to the region and employing 103,000 people, which accounts for 3.5% of the region's employment[9].

3.4 It has been extremely difficult to estimate the proportion to which local food drink contributes to the overall food and drink sector in the Northwest. What we can do is extrapolate existing data to offer a 'best guess' scenario. We know from ADAS research carried out in 2007 for DEFRA using the Office of National Statistics Inter Departmental Business Register that the Northwest accounts for 9% of local (regional) food businesses in England. We also know that the IGD estimates the total UK market for locally and regionally sourced products is 4.3bn. Unfortunately the IGD do not have a separate figure for England. However, from the 2008 DEFRA Food Statistics, we know that England represents 83% of the total UK agri-food sector and when this figure is applied to the UK market for locally and regionally sourced food we get an English figure of approximately £3.6bn. Therefore using all of this information we can estimate that the Northwest local food and drink sector is worth approximately £324 million. We stress that this figure is used purely as a guide and are aware that Food Northwest are currently undertaking a mapping study of the regional food sector which should offer a more robust and accurate figure.

3.5 In addition to the economic contribution to the region the support of local food supply chains will deliver important social and environmental benefits including support of the

[5] Curry Commission, 2002
[6] How do we best support our local and regional food brands, April 2008
[7] Defra, IGD UK Grocery Outlook 2007
[8] DEFRA Food Statistics Pocket Book, 2008
[9] NWDA: Food and Drink Sector

health agenda, the climate change action plan, sustainable food and farming as well as the skills and education strategy.

3.6 Beyond this, we also believe there is a moral case to support the development of local food supply chains. Food and drink has always played an iconic role in shaping local identity and engendering local pride. It gives us something to be proud of, to show off and share with visitors. The Northwest has a rich diversity and range of local food and drink that should be the envy of all others across the UK and Europe. Yet for some reason, local food and drink from Lancashire, Cheshire or Cumbria doesn't have the profile that it should and there is a danger that this burgeoning sector, which has the potential to deliver such economic, social and environmental benefit will be lost.

Definition of Local Food

3.7 Our research and analysis revealed an ambiguity around the definition of local food. The term 'local' means different things to different people. We believe that this ambiguity both helps and hinders the development of the sector.

3.8 For the purposes of this Action Plan and the subsequent development of the supply chain we need a consistent approach to the term 'local food'. This approach needs to be accepted by all participating public sector stakeholders and consistently communicated to consumers. We cannot demand that the private sector adopt the same interpretation but we believe our definition will be closely aligned anyway.

3.9 Therefore, the definition of local food within the counties of Lancashire, Cumbria and Cheshire will mean food and drink with provenance produced within the geographical boundary of that county. By provenance, we mean the product must demonstrate a link in some way to the place of its production, the production method or the people who produce it.

3.10 Within the sub-regions of Greater Manchester and Merseyside local food will mean food and drink with provenance produced in any county in the Northwest, including Merseyside and Greater Manchester. This allows retailers, restaurants and other foodservice outlets in the region's two major cities to showcase and celebrate the best examples of local food from across the region while still communicating a clear message that consumers understand. However, it is important to note that even though 'local food' in this context is in fact regional food, there will be no use of the term 'Northwest' or 'regional' when communicating the offer to the consumer. Please note this does not preclude the use of the brand name 'Food Northwest' in any communications activity to identify the source of promotional activity and to act as an endorsement adding credibility to the offer.

3.11 Of further note, is that 'local food' doesn't necessarily mean traditional food, although it is likely that this will quite often be the case. We believe there is the opportunity for non-traditional products to use provenance to differentiate their offer. Of particular relevance is the significant Halal food sector in the Northwest.

Strategic Alignment

3.12 This Action Plan requires funding to enable delivery. Without sufficient funding this Action Plan will remain an academic document with current market failures going unchallenged. Therefore, it is essential that this Action Plan attracts appropriate levels of public sector funding.

3.13 The 2007-13 European Regional Development Fund (ERDF) programme in the Northwest has been identified as the main target for public sector funding for this Action Plan. The ERDF programme has been developed in line with the Regional Economic Strategy (RES) and its aims are to:

- Increase growth via employment and productivity;
- Despite good macroeconomic performance, address any regional disparities and low employment and skills; and
- Reduce gaps in growth rates between regions and stretch employment and skills targets.

3.14 With this in mind, the Local Food Supply Chain Action Plan has been directly aligned to the delivery of key transformational actions in the RES and with specific Priority Action Areas of the 2007-2013 ERDF. The following table outlines this strategic alignment.

Table 1: Relevant Transformational Actions (RES) and Priority Actions Areas (ERDF)

RES Transformational Actions	
8	Develop cluster programme in priority sectors to develop higher added value activity, improve productivity and identify future growth opportunities from converging markets
56	Implement plans to ensure ongoing growth in the rural economy as part of the RRDF. Improve the product associated with tourism attack brands and signature products.
101	Improve the product associated with tourism attack brands and signature products
ERDF Priority Action Areas	
1.2	Tailored and highly targeted support to businesses and supply chains, supporting Sector Skills and Productivity Alliance activity to increase market share, extend customer base beyond the region and strengthen their competitive position in the higher value aspects

Source: www.nwda.co.uk & www.erdfnw.co.uk

3.15 In addition to this alignment with the ERDF, we have also taken steps to align the Action Plan with the priorities of other strategies across different sectors. This means that our proposed activities will not only address the market failures identified within the local food sector, they will also contribute to the priorities and objectives of other important regional strategies thereby increasing the reach and impact of the Action Plan. This alignment process has also meant there is no duplication of public sector activity and best value can be delivered to the UK taxpayer and to target beneficiaries (the supply chain).

3.16 The Local Food Supply Chain Action Plan will significantly support / contribute to the following strategies:

- Northwest Food Strategy;
- Strategy for Sustainable Farming and Food;
- North West Food & Health Action Plan;
- Recommendations for Regional Food Group Review;
- Rural Development Programme for England;
- Regional Rural Delivery Framework;
- Regional Tourism Strategy;
- Sub-regional Tourism Strategies;
- Rising to the Challenge: A Climate Change Action Plan for England's Northwest; and
- Local Authority Sustainable Community Strategies.

Vision

3.17 Our 3 year vision for local food in the Northwest is as follows:

By 2012 the availability, supply and consumer demand for local food in the Northwest will be the best in the UK. There will be a coordinated public sector approach to providing support to the entire supply chain. All members of the local food supply chain will benefit from greatly increased levels of information and improved opportunities to do business.

In the eyes of the consumer, which includes tourism visitors, the three counties of Cheshire, Lancashire and Cumbria will be important identities for local food with iconic products from each county championing the cause. The city regions of Manchester and Liverpool will provide the mouthpiece to celebrate and promote the best of all local food and drink from the region, capitalising on the tourism opportunity presented by the London Olympics and other major events.

Above all, the region will be wonderfully proud of its rich diversity of local food and drink.

Target Outputs and Outcomes

3.18 Success will be measured in a number of ways. The purest measure of success would be an increase in the GVA of local food and drink in the region but this would only ever be an estimated figure given the ambiguous definition of local food. Therefore we will use a mix of hard economic outputs alongside a number of aspirational outcomes to measure the ultimate success of the Action Plan.

Outputs

3.19 While we recognise the development of local food supply chains will deliver a wide range of social and environmental benefits we understand the need for the Action Plan to deliver hard economic measures in order to attract public sector funding.

3.20 Therefore our target output measures have been aligned to deliver directly against the headline indicators specified in the NWDA Tasking Framework, April 2005. The outputs will be delivered over a three year period starting January 2009 and are forecast as:

1. An annual increase in GVA of local food in the Northwest over and above the estimated national growth rate of 5.8%[10];
2. To improve the business performance of 995 firms;
3. To create or safeguard 131 jobs; and
4. To provide training support for at least 230 people.[11]

3.21 The delivery of wider social and environmental benefits has been addressed in the following Outcomes section.

Outcomes

3.22 Outcomes relate to the relative impact the Action Plan delivers to its target beneficiaries, which are generally measured in qualitative terms. Therefore it is not relevant to attribute quantitative figures to the outcomes in order to measure performance. We will know when we have achieved the target outcomes when the actions have met their output targets and when we qualitatively measure the impact on target beneficiaries and wider stakeholders. This will be done as part of the evaluation process.

[10] Defra, IGD UK Grocery Outlook 2007

[11] This does not currently include the outputs for the Tourism project (see Actions section) which are to be confirmed

3.23 The target outcome for the Local Food Supply Chain Action Plan will be to:

Increase the availability, supply and consumer demand for local food and drink in the Northwest.

3.24 We propose that this target outcome will be met through the effective delivery of the following specific outcomes:

1. Bring together all public sector partners to implement an integrated and united programme of activity that is understood by all and delivers maximum value;
2. Improve the level, availability and accuracy of market information to all members of the local food supply chain to improve communication networks and stimulate trade;
3. Maximise the opportunity for local food presented by the regional tourism sector;
4. Overcome distribution issues that limit the development of the local food sector by creating an environment where retailers, wholesalers or foodservice businesses are able to purchase whatever they like, whenever they like;
5. Organise and facilitate more opportunities for local food producers in the region to sell to trade customers as well as direct to consumers;
6. Through the effective use of marketing communications, increase awareness of local food at a sub-regional level (Cumbria, Cheshire and Lancashire) that is consistent and widely understood by end consumers; and
7. Contribute to the wider delivery of regional social and environmental strategic priorities.

Strategic Added-Value and Value for Money

3.25 An effective internal monitoring system will be put in place on commencement of the Action Plan. Monitoring will include the capture of outputs allowing impact to be tracked on an ongoing basis. This will also act as a management and reporting tool for Food Northwest staff. The Action Plan will be reviewed on an annual basis and adjustments will be made to respond directly to any changes in context / conditions. Upon completion of the 3 year period an independent evaluation will take place to assess performance and impact.

Strategic Added-Value

3.26 We expect the successful delivery of the Action Plan to deliver strategic added-value in a number of key areas. By 'strategic added-value' we mean the added value realised by coordinating regional economic strategy and influencing others to help achieve objectives / desired outcomes. The impact of this coordinating and influencing activity on outcomes can be very significant since they result in a multitude of actors addressing shared prioritised objectives in a coherent and coordinated manner. Specific areas where we believe this Action Plan can deliver strategic-added value include:

- Food Northwest taking on the **role of strategic catalyst** encouraging other regional partners and stakeholders, specifically in the private sector, to undertake investment in the region that will contribute to RES delivery in relevant areas; and
- The Action Plan will **contribute to broader policy development** by undertaking activity that informs different actors (public, private and community) in the economy of what needs to be done to promote delivery of the RES.

Value for Money

3.27 Specific effort will be made to ensure the Action Plan will deliver value for money in terms of economy, efficiency and effectiveness. Advanced preparation has been done to ensure:

- **Economy** – proposed activities will be delivered at the best practicable cost. The Action Plan's inputs will be appropriate (in scale and nature) to the activities that the potential funders are 'buying';
- **Efficiency** – outputs will be delivered at an appropriate cost per unit. Consideration has been given to the gross and net costs per output; and
- **Effectiveness** – the Action Plan will deliver the desired impact as reflected in its achievement of outcomes. There will be specific focus to ensure activity and related outputs are translated into outcomes.

Programme Management and Delivery

3.28 We firmly believe that the strategic approach taken to deliver the Local Food Supply Chain Action Plan will impact significantly on its ultimate success.

3.29 We propose that a steering group / partnership approach is adopted at both a regional and sub-regional level to deliver the Action Plan. It has been established in the previous sections that apart from Food Northwest and its sub-regional delivery partners there are also a number of key public sector stakeholders with a keen interest in the successful development of local food supply chains. These organisations include:

- The regional Tourism team at the NWDA and the sub-regional tourist boards;
- Business Link Northwest; and
- Representatives from the land-based sector – NFU, CLA, the RDPE Local Action Groups (LAGs) and NWDA Rural team.

3.30 Our research identified a key weakness around the lack of coordination between the different organisations which confused all members along the supply chain. We are also aware that the promotion of local food and development of its supply chain will play a significant role in the emerging regional tourism action plan and the planned RDPE action plans of the various Local Action Groups.

3.31 It is our contention that a coordinated partnership delivery approach at a regional and sub-regional level will maximise impact, reduce inefficiency and minimise confusion.

3.32 We propose that Food Northwest will be the accountable body, taking overall responsibility for managing the Action Plan. Food Northwest will also play an active role in delivery but this will be through a local food steering group that includes representatives from Business Link Northwest, the land-based sector (NFU and/or CLA) and the regional Tourism team. We are also proposing that specific activity is delegated to sub-regional partnerships / steering groups that also includes representatives from the above sectors but at a sub-regional level.

3.33 We also recognise that it is important that every effort is made to limit the project management and administrative function to ensure as much public money as possible is spent in the areas of most need.

Communication distinction between trade and consumer

3.34 Effective communication will play a key role in the successful delivery of the Local Food Supply Chain Action Plan and as a result, we believe special mention is required to recommend a clear distinction when communicating with different actors along the local food supply chain.

3.35 It is our strong recommendation that when communicating local food to the consumer that the identities of Lancashire, Cumbria and Cheshire are used. There will be a few products that are produced outside these counties (Greater Manchester and Merseyside) and where this is the case we recommend a more local identity is used to promote the product / producer e.g. Southport Shrimps. Under no circumstance is 'Northwest' used to communicate local food to the consumer, however 'Food Northwest' may be used as a brand name to endorse / identify a particular consumer initiative such as a consumer show. This endorsement branding approach is used effectively by the Northwest Development Agency.

3.36 All the evidence suggests that county identities and not regional identities carry greater recognition and have greater resonance with consumers. Using counties to promote local food will be the most effective and efficient use of public funds. It is also consistent with the approach adopted by the regional tourism sector, adding further value to proposed collaborative consumer marketing activity.

3.37 When engaging with the trade and stakeholders, we recommend the brand and identity of 'Food Northwest' is used. The trade (retailers, wholesalers etc.) and stakeholders need to see 'Food Northwest' as the leading authority in the region for the development of local food supply chains.

3.38 It is essential that this communication distinction and approach is adopted by all involved in the sector and a consistent message is communicated at all times. We believe this is a simple and clear distinction that can be easily implemented.

Actions

3.39 The specific actions needed to meet the target outcomes for local food supply chains are as follows:

1. Market intelligence for local food and drink;
2. Meet the buyer programme;
3. Programme of consumer and trade show events;
4. Local food consumer communications campaign;
5. Coordinated development of the Taste tourism accreditation scheme;
6. Farmer's markets; and
7. Distribution hub – business case, feasibility and master plan.

3.40 Details of each action are included below and we cover objectives, rationale, activity, and delivery. Forecast budget and individual project outputs have been outlined separately in appendix 3.

3.41 We have made every effort to create SMART (specific, measurable, achievable, realistic and time-bound) objectives for each action allowing us to accurately measure performance at the end of the project. Apart from the Distribution Hub (12 month timeframe) each action has a timeframe of three years starting January 2009.

3.42 Although listed separately, in reality the actions are highly integrated increasing reach and impact. This high degree of integration also further reinforces the need for a sub-regional partnership / steering group approach to delivery.

Market intelligence for local food and drink
Objective
By 2012 develop the most comprehensive, accurate and well maintained database of local food and drink in the country.
Rationale
There are insufficient levels of market intelligence throughout the local food supply chain impacting on the efficiency and potential development of the sector. In the main, local food producers and farmers are not fully aware of the potential market opportunities available to them; while at the same time many retailers and restaurants don't know the full extent of the local food offer available. We accept that some databases do exist (Business Link, Made-Ins, Food Northwest) however, these are not comprehensive. The availability of accurate and comprehensive information for all members of the supply chain would greatly enhance the possibility of increasing supply and availability of local food and drink across the region. Our research also indicates that more than 80% of existing local food producer and farmers would source more raw materials locally if they were available. Relative cost of alternatives will always be an issue however; this response is still encouraging as it demonstrates recognition among local food producers and farmers of the importance of supporting local economies wherever possible.
Description
The local food market intelligence hub will be the envy of all other regions in the UK. Building on the pilot work carried out by the 'Foodport' project. The database will include trade and production details of every producer of local food. It will also include every retailer, restaurant, catering establishment, manufacturer and wholesaler selling local food and drink. The responsibility of maintaining the accuracy of the database and uploading information will fall to the sub-regional partners (Made Ins) who will also be the gatekeepers of the information. The data will not be readily available to the general population; instead it will be available on request and dependent on its proposed use. Strict regulations concerning the collection and distribution will be adhered to in accordance with the Data Protection Act 1998. Sophisticated search and filter facilities will be developed to maximise the value and usefulness of the information. The market intelligence hub will be an extremely powerful tool in improving the availability and quality of information along the supply chain. It is expected that the hub will: • Stimulate trade of local food and drink; • Identify, facilitate and encourage more local supply of raw materials; • Improve availability of local food across all supply channels;

• Identify new market opportunities for producers / farmers; • Allow farmers to make diversification decisions based on market evidence; • Support the work of Business Link, land-based support agencies and the tourist boards; • Act as the primary information resource for publications and marketing activity implemented by Food NW; • Allows ongoing assessment of local food in the region, steering decision making and focusing public sector activity in areas of greatest need. Potential also exists for the information to be sold to third parties for commercial purposes; however this is proposed as a potential phase 2 for the project. A full assessment of market potential and implications is recommended before moving to this stage.
Delivered by
The design of the database will be project managed by Food Northwest in consultation with sub-regional delivery partners and stakeholders. Once established sub-regional delivery partners will be responsible for populating the database, maintaining its accuracy and managing its distribution.

Meet the buyer programme
Objective
By 2012 deliver 12 separate 'meet the buyer' events that introduce more than 200 local food producers and / or farmers to relevant buyers from retailers (multiple and independent), wholesalers, food service companies, restaurants and regional tourism outlets.
Rationale
The vast majority of food retailers (multiple and independent) recognise the potential opportunity offered by increasing the availability and range of local food and drink. All the major retailers have implemented initiatives designed at increasing the range and raising the profile of local food in their stores. Tesco have made local food a key part of their CSR strategy and has a long-term promise to stock more local lines than any other retailer and increase local product sales from £400m in 2008 to £1bn by 2011. The Tesco Meet the Buyer run by Food Northwest in October 2006 delivered listings for 9 suppliers (out of 36 that attended the original link day) equating to 30 - 40 product lines and annual sales in the region of £1 million. In response to our research question, "What type of 3rd party assistance would you most welcome" 70% of farmers and local food producers said they would like help being introduced to new buyers or companies.
Description
The meet the buyer events will be part of the wider Supply Chain programme planned by Food Northwest. The events will be designed specifically to meet the objectives of the relevant buying teams with an overall strategic focus towards local food. Where necessary producers and farmers will receive thorough briefing and support from Food Northwest or sub-regional delivery partners to prepare them for the meeting. The events will not adhere to a standard model of delivery. Each event will be tailored specifically to the needs of the buyers. This may mean that buyers are taken to visit producer premises / farm, a facilitated meeting is arranged in a neutral location, or the producer / farmer is invited to the buyer's own premises. In addition to arranging the meetings on the day work will be done to spend time talking with the relevant buyer / buying team to build a more detailed understanding of their company's product sourcing and supply chain efficiency objectives. Where appropriate representatives of the sub-regional partnership will be included in the event. This relationship will benefit the development of the market intelligence hub.
Delivery
Food Northwest will work with sub-regional partners to organise and deliver the meet the buyer programme. Where necessary consultancy support will be recruited to assist in operational and evaluation activity.

Programme of consumer and trade show events

Objective

1. Over 3 years starting January 2009 deliver 16 consumer events celebrating local food and drink from the Northwest. Each event must also provide an opportunity for producers to sell direct to consumers.
2. By 2012 assist 135 local food producers attend a relevant trade show for their product.

Rationale

The vast majority of food retailers (multiple and independent) recognise the potential opportunity offered by increasing the availability and range of local food and drink. All the major retailers have implemented initiatives designed at increasing the range and raising the profile of local food in their stores. Tesco have made local food a key part of their CSR strategy and has a long-term promise to stock more local lines than any other retailer and increase local product sales from £400m in 2008 to £1bn by 2011.

In response to our research question, "What type of 3rd party assistance would you most welcome" 70% of farmers and local food producers said they would like help being introduced to new buyers or companies.

Description

Consumer events

An event programme will be designed by Food Northwest and agreed in close consultation with the sub-regional partners, particularly the Tourist Boards and the land-based representatives who will have their own events programmes. It is anticipated that some event activity will capitalise on the opportunity presented by the London Olympics in 2012. Sub-regional partners will provide retail training to maximise the sales potential for attending producers. Food Northwest will charge an attendance fee to participating producers along on a sliding scale over the 3 year period.

Trade shows

Key trade shows will be identified and Food Northwest will take out group space inviting appropriate local food producers to attend. Training will be delivered prior to the show to prepare attending producers and ensure they get maximum benefit form the show. Food Northwest will invest in generic display and marketing materials to support the visual appearance of the stand. To ensure consistency of message the sub-regional identities of Cheshire, Cumbria and Lancashire will be used to communicate the local food offer.

Representatives from Food Northwest and its sub-regional delivery partners will attend the show and do their best to create a professional and convivial atmosphere making the event as enjoyable and profitable as possible for those involved. Food Northwest will charge an attendance fee to participating producers along on a sliding scale over the 3 year period.

Delivery
The consumer events programme will be designed, managed and evaluated by Food Northwest. A new post of Events Manager will be created to deliver this function for the organisation. Specific event delivery will be supported by the sub-regional partnership, and where appropriate, the private sector. The new Events Manager will also coordinate and manage the trade show activity, working with sub-regional partners and the private sector where appropriate.

Local food consumer communications campaign
Objective
By 2012, 80% of target consumers will be able to name 5 different local food products from Cheshire, Lancashire and Cheshire as well as identify where the products are available.
Rationale
The market for locally and regionally sourced food products in the UK is estimated to have grown by 15% from £3.75bn in 2005 to £4.3bn in 2007. (Source: Defra, IGD UK Grocery Outlook 2007). The IGD expects further growth for locally and regionally sourced products and predicts the market to be worth £5.7bn by 2012, an annual average growth rate of 5.8%. This is despite the economic downturn; the IGD report that 3 in 5 people say it will have no impact on future purchasing of local food while the remainder are split - 1 in 5 saying they will buy less and 1 in 5 saying they will buy more. In spite of this latent demand, there is currently no consistent message to consumers concerning local food and drink. Confusion exists around what is local food, its availability and the benefits it offers. While research points to an increase in demand there needs to be improved levels of communications to consumers in order to capitalise on the potential opportunity. The main counties of Lancashire, Cumbria and Cheshire lack a clear identity when it comes to local food and drink; this is in spite of the rich heritage in local food production and a number of iconic food products with national recognition. Discussions with industry stakeholders revealed the marketing value of industry awards. The food and drink sector is extremely competitive and it is often cost prohibitive for a small food business to undertake a high profile advertising campaign. Several private sector consultees said that winning industry awards enabled them to secure excellent levels of publicity (with the right message) at a fraction of the cost of implementing their own marketing communications campaign. In addition, well managed industry awards help to raise the overall image of the sector in the eyes of consumers; they communicate best practice within the industry and are often the catalyst that encourages small producers to undertake training to improve the performance of their business
Description
An integrated consumer communications plan will be written for local food and drink in the region. The sub-regional identities of Cumbria, Cheshire and Lancashire will be used to lead the communications activity - there will be no use of “Northwest food” as an identity. Also the ‘Food Northwest’ brand will be used as an endorsement and not the lead brand. The communications plan will set communication objectives for each sub-region and list the tactical activity that will be used to deliver these objectives. Due to budget restrictions it is our expectation that the campaign will be predominantly led by public relations, with advertising playing a lesser role. It is essential that the plan is integrated with other sub-regional communication activity

targeted at consumers, in particular the communication strategies of the relevant Destination Marketing Organisations.

To maximise delivery efficiency of tactical activity it will be project managed at regional level, but in close consultation with sub-regional partners. Work will be done to ensure this does not result in homogonous activity across all sub-regions. For example, we intend to let separate tenders for the delivery of public relations campaigns. This approach has been successfully adopted by the Milk Development Council (now Dairy Co.) in its campaign to increase consumption of territorial cheeses (Cheshire and Lancashire have separate public relations campaigns delivered by different consultancies but are managed centrally).

The development of regional and sub-regional local food awards will also be a key part of the tactical programme. Awards are an effective tool in celebrating success, raising overall quality standards and encouraging entrepreneurial activity. An awards programme will be designed by Food Northwest and will be at both sub-regional and regional level. The awards will be supported by sponsorship and public relations activity.

In addition to public relations and awards, other tactical activity we expect to play an important role will include:

- Consumer publications – specifically a consumer guide to regional food and drink;
- Website development; and
- Brand development.

We expect brand development to play a relatively minor role in the consumer communications activity. The aim of the consumer communications campaign is not to establish a sub-regional brand identity for local food in each county, but rather to build awareness and engender local pride in the range of quality local food drink in each county.

We envisage that the market intelligence database will play an important role in supporting the majority of tactical communications activity, in particular the consumer publications and website development.

Delivery

The project will be managed by Food Northwest in close consultation with sub-regional delivery partnership (Made Ins, DMO, BL and land-based sector). Consultancy support will be recruited to deliver specific communication activity. Every effort will be made to balance project efficiency with the development of individual sub-regional identities.

Programme of farmer's markets
Objective
By 2012 have network of farmer's markets across the region that are consistently well attended by customers and rated as good or very good by 90% of participating producers.
Rationale
Selling product direct to customers is seen as the preferred and most lucrative route to market for the majority of food producers and farmers interviewed as part of this study. Current direct routes include farmer's markets, consumer events, online and farm-gate / shop sales. These routes deliver maximum return to small food businesses and act as an excellent stepping stone to the growth and development of many individual food businesses. Consumer events also help to raise the public profile of local food and drink at a sub-regional level.
Description
Through its sub-regional partners, Food Northwest will assist the development of farmer's markets with help in recruiting producers, public relations and marketing support to encourage attendance and where appropriate assistance with organisation. Where appropriate the activity will be integrated with the market towns initiative to deliver maximum value and impact. All existing farmer's markets will be reviewed and scored against a predetermined criteria that considers public attendance and sales opportunity for attending producers. Where farmer's markets are scored poorly a decision will be taken whether to support its development / improvement, merge it with another farmer's market nearby or close it down. A programme of retail training will also be provided to producers.
Delivery
The farmer's market activity will be delivered by sub-regional partners in close association with other relevant stakeholders such as market towns officers and town council representatives.

Coordinated development of the Taste tourism accreditation scheme
Objective
By 2012, establish a local food quality accreditation scheme in each sub-region and recruit at least 150 participants per scheme.
Rationale
The regional tourism sector represents an excellent and to date, untapped opportunity for the development of local food supply chains. Research conducted for the NWDA has shown on average 61% of all trips involved eating or drinking. The survey showed that of those visitors who ate out, 40% used an independently run or local restaurant, compared to 15% in a branded restaurant. 45% of this group used a pub to get something to eat or drink, and 53% used a tea shop or cafe. 11% of people had a picnic. The "Taste" quality accreditation scheme run by the Lancashire and Merseyside Destination Marketing Organisations is a successful model that integrates local food into the fabric of the sub-regional tourism offer. These schemes have the support of the NWDA Tourism team as well as further support of quality local food and drink across the regional tourism sector.
Description
It is proposed that Food Northwest will play a support role to the regional Tourism team (NWDA) and the sub-regional Tourist Board in the development of the accreditation scheme. The support will be provided at a sub-regional level and will be in line with the requirements set out by the Tourist Board. Examples of possible support will include: • Assist participating tourism operators source more local food; • Raise consumer awareness of tourism outlets celebrating local food; • Include specific tourism category in awards programme; • Coordinate consumer events and farmer's markets to take place in participating tourism establishments; and • Work with the Tourist Board to raise awareness of the quality accreditation scheme and communicate its benefits. We believe proactive and conspicuous involvement from Food Northwest and its sub-regional delivery partners will significantly raise the profile of the scheme in the eyes of the customer. It will also demonstrate a commitment from Food Northwest to improving the availability, supply and demand for local food within the tourism sector. The relative success of the 'Taste Lancashire' campaign on a small budget demonstrates the potential we see in this model.
Delivery
Food Northwest and its sub-regional delivery partners will be guided by the NWDA Tourism team and the Tourist Boards in how to best support the delivery of the project.

Distribution hub - feasibility, business case and master plan
Objective
To establish the feasibility and business case for the development of distribution hub(s) with the purpose to facilitate an increase in the availability and supply of local food in the region. Having established a business case, prepare a fully budgeted master plan that can be used to recruit public and private sector support for development.
Rationale
Consultation with retailers, restaurants and tourism establishments highlighted distribution and availability as a significant barrier preventing the development of local food supply chains. Farmshops, independent retailers, restaurants and local hotels that use local food to add-value and / or differentiate their offer were sometimes unable to source the range they wanted due to minimum order requirements of producers. It was often cost and time prohibitive for many small retail and foodservice businesses to source local food as it meant expensive carriage charges or the need to deal with high numbers of deliveries and invoices. This was also cited as a problem by the larger retailers who were often restricted from sourcing quality, local product due to the capacity of the supplier and that individual stores could not accept separate delivery from multiple producers.
Description
This project will be delivered as a two stage process. The first stage will be the feasibility study and business case for a local food distribution hub(s). The study will be required to include the following: • Build on our existing research into need and gauge supply chain support for the concept; • Look at similar projects within the UK to identify possible issues / barriers to development; • Investigate likely demand among producers and their trade customers; • Succinctly set out how the distribution hub(s) will operate within the existing local food supply chain; • Assess whether a local food hub will unfairly displace existing wholesale business in the private sector; • Measure the likely sustainability of the concept; • Provide a topline budget for initial development and then operation; and • Recommend whether or not to progress to stage 2 of the project. As part of this feasibility activity a conference will be undertaken by Food Northwest. Our

research identified widespread public sector interest across the UK in the development of distribution hubs as a means to support the development of local food supply chains. We believe an opportunity exists for Food Northwest to take a national leadership role in this area and bring together expertise and experience from across the UK for benefit of all. It is anticipated that the conference will bring together public and private sector stakeholders from across the country to promote discussion and debate on the relative merits of distribution hubs as a means to support local food supply chains. Stage 2 will build on from the feasibility study to deliver a detailed master plan setting out what the hub will look like, how it will operate and by whom. It will provide detailed budgets for design, build and operation as well as an indication of income. A number of scenarios will be tested to measure sustainability and an exit strategy will also be included. During this stage of the project we intend to recruit letters of support from key retailers, restaurants and catering establishments. Once completed the master plan will be used to recruit investment from both the private and public sector.
Delivery
This project will be managed by Food Northwest in close consultation with private sector stakeholders. Delivery of the study will be put out to tender and the conference will be managed by the Food Northwest Event Manager with private sector support if required. The project will be delivered by December 2009.

Appendix 1 – Producer Survey

A total of 113 interviews were carried out with primary and secondary processors across the region to measure current conditions and gauge the mood towards local and regional sourcing. This was delivered by our research partner Ci Research, a leading full service market research business with specific experience in this sector. Of those 113 respondents surveyed 61% were secondary producers while 32% were farmers / growers. A small number (7%) fell into both categories.

During the research, Ci Research encountered specific problems concerning the response rate of contacts. Using their experience, Ci Research had estimated that there would be a success rate of 1 in 7 (above the usual figure of 1 in 5) in terms of recruiting people to participate. However in reality, to get the 113 respondents, Ci made 3,595 calls: a success rate of nearly 1 in 32. This alarming level of reluctance to respond suggests ignorance among many primary and secondary producers about the role Food Northwest plays in the support of their sector.

While this may be the case at the moment, the 113 interviews that were completed make the following headline findings statistically reliable.

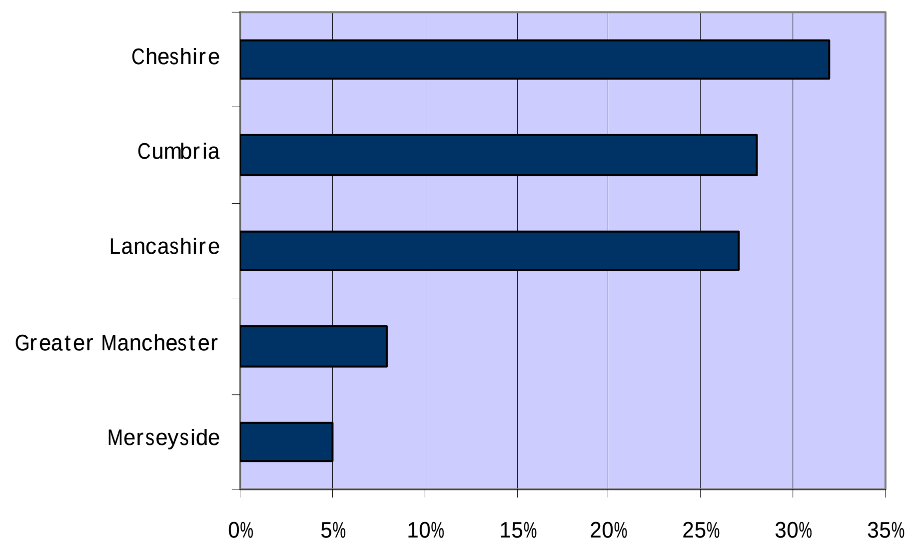
Who we interviewed

Of the farmers and growers interviewed the majority produced red meat (50% of those interviewed had beef outputs while 48% had lamb outputs), then fresh produce (27%) and dairy (20%). Of those interviewed involved in secondary production, over a third (37%) were involved in the secondary production or processing of red meat, while over a fifth (22%) were involved in dairy.

The majority of farmers / growers and secondary producers surveyed were businesses with five or less full-time employees (73%) and generally turning over less than £1m annually (86%). Of those that were turning over more than £1m annually, they were more likely to have been secondary producers (16% cf. 9% of farmers).

Difficulties were experienced in completing interviews with farmers / growers and secondary producers in Greater Merseyside and Greater Manchester due to small sample numbers. Figure 3 shows that a third of organisations interviewed were based in Cheshire (32%), with over a quarter in Cumbria (28%) and Lancashire (27%).

Figure 3: Region of company



Base: 77 respondents
Balance: NR / refused

When assessing the impact of some of the results it will be important to bear in mind that, although there are relatively even splits of farmers / growers and secondary processors in Cheshire, Lancashire and Merseyside, those in Greater Manchester and Cumbria were significantly more likely to have been secondary producers (89% and 81% respectively).

Farmers and Growers

The farmers and growers interviewed were asked a specific number of questions regarding the extent to which they add-value to their outputs. In total, 41% said they added-value to their outputs. There appeared to be no real difference between types of outputs farmed in terms of their likelihood to add value. Nor was there any significant difference by region.

Of the 41% of farmers / growers (a total of 18 respondents) who were currently adding value they tended to do so to red meat, pork, milk and fresh produce outputs. Examples of added-value included:

- Sausage production;
- Burger production;
- Vegetable boxes;
- Ice cream production;
- Turning fresh produce into jams, jellies and pickles; and
- In-house processing of red meats.

Of those 18 farmers / growers currently adding value to some of their outputs over half (56%) felt that this had achieved what they had expected; a third (33%) felt that it had not while 11% remained unsure.

Some example responses as to why respondents felt that adding value had not achieved what they had expected beforehand are detailed below:

> *"People have no money. The economic downturn is making things very difficult."*
>
> *"The weather and diseases like Foot and Mouth and Blue Tongue."*
>
> *"People just cannot afford to pay."*

Interestingly, over half of all farmers / growers currently adding value to their outputs would like to make more added-value products (54%).

Of those farmers / growers not currently adding value to their products over two thirds (69%) had considered doing so previously. Nearly half of those (47%) had considered selling their outputs directly to the consumer, while a fifth (20%) had considered conducting additional production on their outputs (for example, sausage production from pork outputs). 13% had considered conducting some brand activity. Interestingly, none of these said they had considered specialist production (for example, organic, Halal or Kosher production).

These farmers / growers identified a number of factors that prevented them from moving forward with adding value to their outputs, the most acute of these being the costs involved (38%). In addition to this, nearly a quarter (23%) felt that they lacked the necessary experience or skills while the same proportion (23%) felt that they lacked the time needed to conduct such activity. Only 15% decided not to add-value to their products due to a lack of guaranteed return.

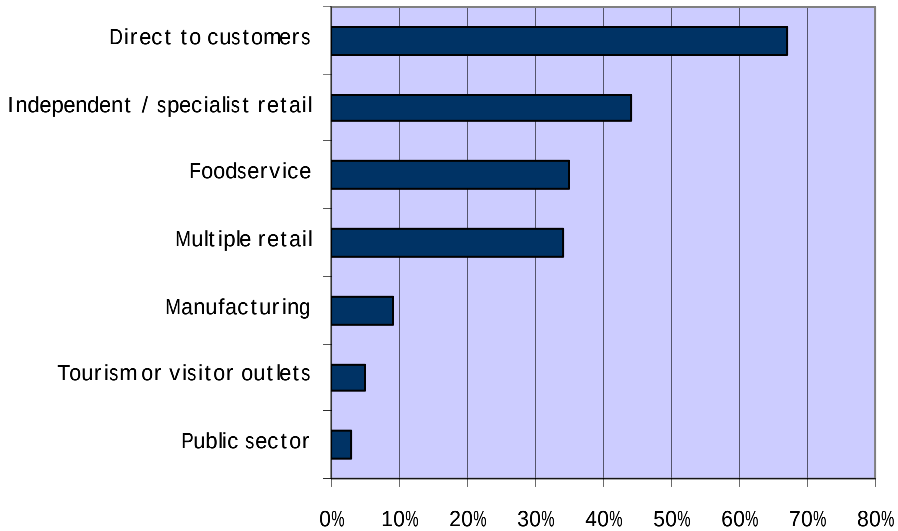
Perhaps due to these perceived barriers, only 44% of farmers / growers who had considered previously but were not currently adding value to their outputs felt that they would like to do so in the future.

Sales and Profitability

Both farmers / growers and secondary producers were asked a series of questions regarding the markets they were currently selling into and those they would like the chance to move into in the future.

At the time of interview the most common market for respondents to have been selling into was direct to customers (67%), while independent / specialist retail (44%), the food service industry (35%) and multiple retail market (34%) were also relatively common as shown in figure 4.

Figure 4: Markets into which products are sold



Base: 113 respondents

Respondents based in Cumbria were more likely to sell direct to customers (81% cf. 67% overall), independent and specialist retail (58% cf. 44% overall) and into food service (48% cf. 35% overall). On the other hand, those in Lancashire were less likely to sell direct to customers (50% cf. 67% overall), while none in Cheshire sold into the public sector or tourism markets.

The findings suggested that those markets seen as most lucrative by respondents were also the ones in which they were currently selling into (see figure 5). Selling direct to customers was seen as the most lucrative markets by over half (53%) of all respondents, particularly farmers / growers (61% cf. 48% among secondary producers). The independent and specialist retail sector was seen as the most lucrative by a fifth of all respondents (20%), particularly secondary producers (23% cf. 12% among farmers).

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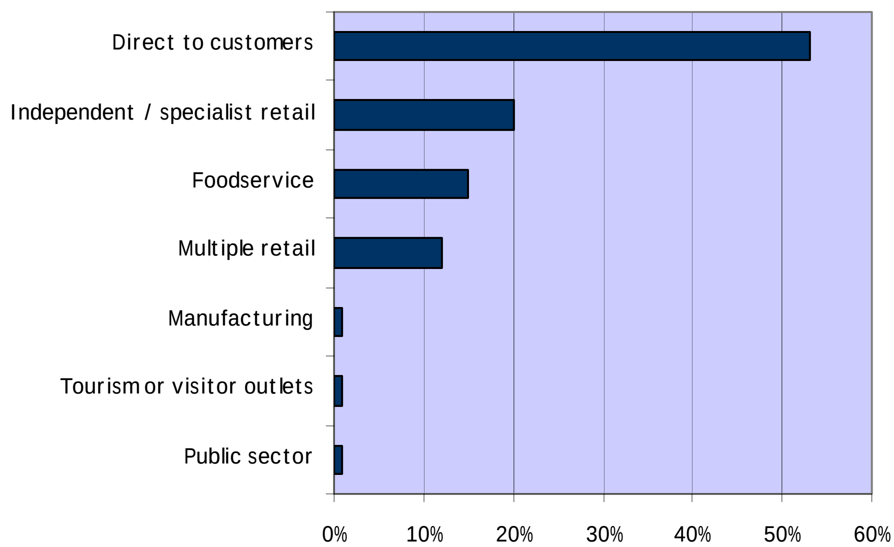
Figure 5: Markets seen as most lucrative

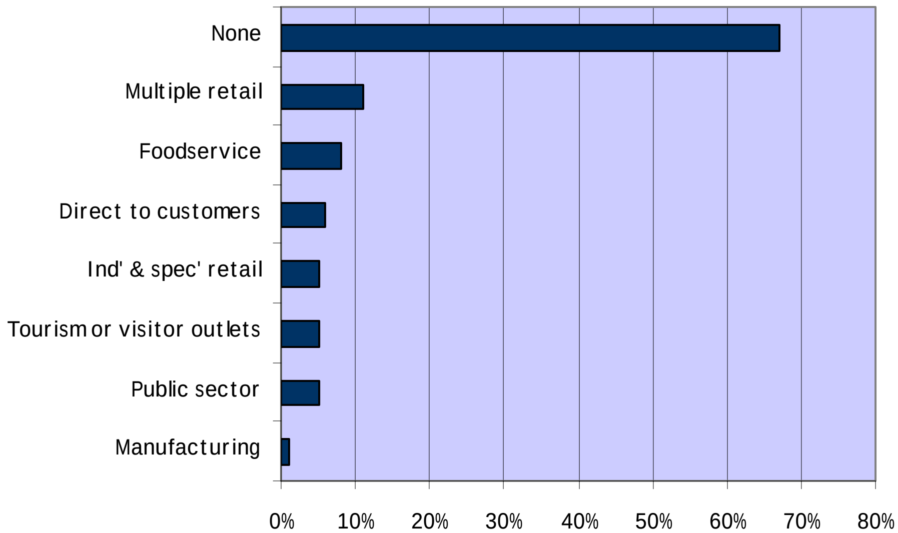


Base: 113 respondents

Significantly, respondents did not identify the tourism sector as a lucrative market. This is in direct contrast to the views held by stakeholders and industry research to suggest the contrary is true. The above may be slightly distorted as specialist and independent retail and some food service (restaurants) markets service tourism markets. Even still, we believe the specific targeting of the tourist sector is an unmet opportunity for local food producers.

Perhaps due to the fact that respondents perceived the markets they currently sold into as the most lucrative, two thirds (67%) stated that there were no additional markets they would like to sell into. Those that did highlight additional markets they would like to sell into tended to highlight the four major markets already identified as the most lucrative.

Figure 6: Markets which respondents don't currently sell into, but would like to



Base: 109 respondents
Balance: NR

While the majority of respondents in all regions stated that there were no new markets that they would like to enter, this was more likely to be the case in Cumbria (74%) and least likely in Cheshire (59%). Perhaps reflecting perceptions of those in Lancashire of the food service market being the most lucrative, a higher proportion in this areas wanted to enter the food service market (21% cf. 8% overall).

Those identifying additional markets in which they would like to sell their products perceived a wide range of barriers preventing them from supplying these markets. Of these barriers, three were considerably more acute:

- Cost (33%)

  "I wanted to build a farm shop to bring in more customers but we are quite off the beaten track and the initial outlay for the shop building was too high."

  "Because we would have to employ someone else. We would have to weigh it up to see if it was economically viable."

  "I am not sure if it would be cost effective."

- Time (18%)

  "It is just about finding the time to get out there."

  "Time is a big issue for us as there is only the two of us."

- Capacity (18%)

  "We have reached the capacity for our current facilities."

  "I only have a certain amount of animals that I can sell."

  "I cannot make enough fudge."

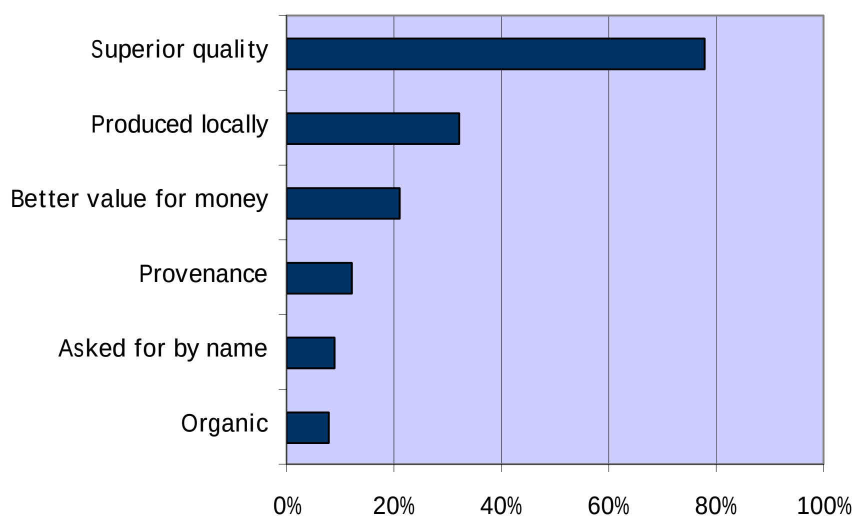
In addition to these, although to a lesser extent, respondents also identified delays in payment, restrictions of current contracts, lack of knowledge / experience of other markets and competition.

Sales and Marketing

We also asked a number of questions to gauge the extent to which respondents marketed themselves, how they went about this process and in what areas they felt the need for support.

When asked to explain why customers would choose their product over that of their competitors, over three quarters (78%) of those surveyed felt it was because of its superior quality. Nearly a third (32%) felt it was because their products was produced locally, while a fifth (21%) felt it was because it was better value for money than that of their competitors.

Figure 7: Why would a customer buy your product over a competitor?



Base: 109 respondents
Balance: NR

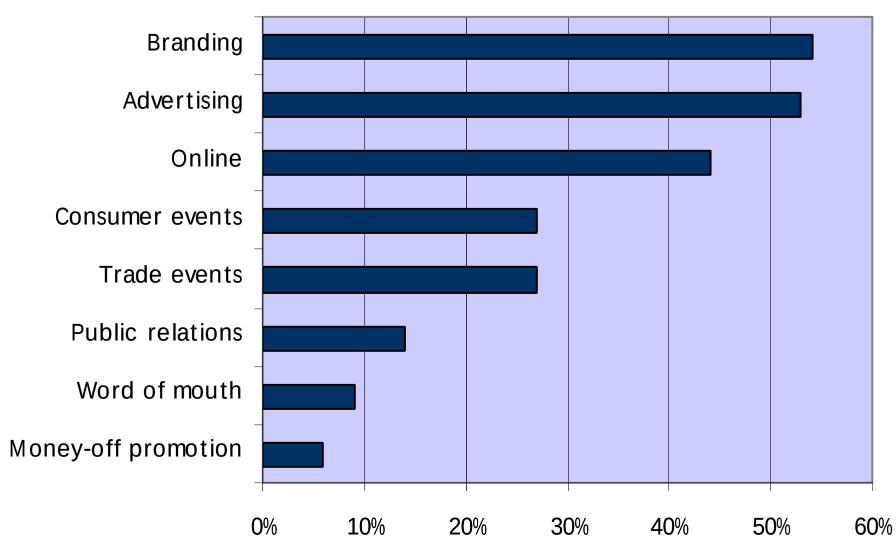
In addition, when asked specifically whether they used provenance as a way to differentiate themselves from their competitor two thirds (66%) stated that they did. Farmers / growers were more likely to use this tactic (71% cf. 63% of secondary producers). There was no significant difference in the proportions using provenance in each sub-region.

All respondents were asked whether they or their staff required training to improve their sales presentations to buyers: a third (32%) stated that they did. Results suggested that secondary producers were more likely to have held this view (36% cf. 24% among farmers).

Respondents in Cheshire were significantly more open to the idea of help in improving sales presentations compared to other regions (50% cf. 33% in Cumbria and 17% in Lancashire).

Respondents identified a number of different types of marketing communication that they were currently using. As shown in figure x the most common of these were branding (54%) and advertising (53%), while online marketing communication was also common (44%). Only just over a quarter of respondents attended either consumer of trade events (27% respectively), while PR activity appeared relatively under used (14%).

Figure 8: Marketing communications currently undertaken



Base: 111 respondents
Balance: NR

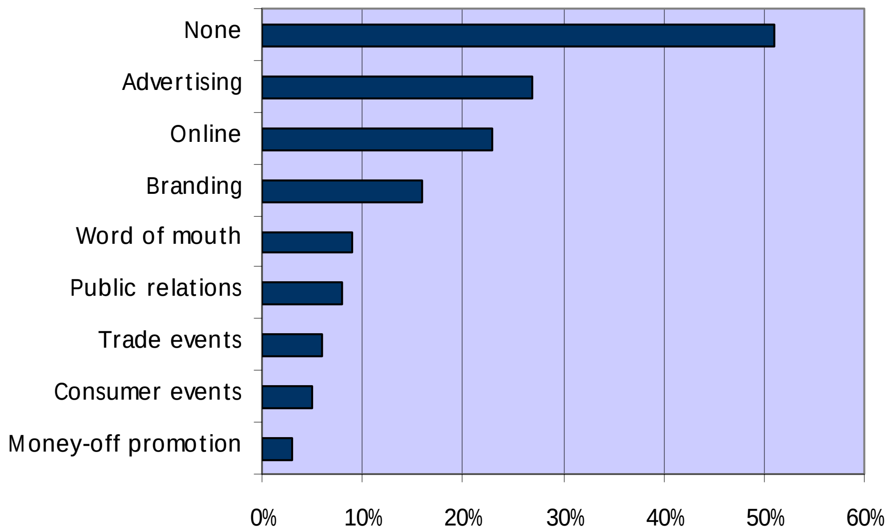
When data was studied by region some significant differences were clear:

- Those in Lancashire were significantly more likely to engage in marketing activity (64%) while those in Cheshire were less likely (47%);
- Those in Cumbria were significantly more likely to engage in branding activity (69%), while those in Lancashire were less likely (40%);

- Respondents in Cumbria were more likely to attend both trade events (46% cf. 27% overall) and consumer events (35% cf. 27% overall).

When asked which, if any, elements of marketing communication they could improve upon over half of respondents (51%) felt that there were none. Just over a quarter (27%) felt that their advertising communication was in need of improvement, while a further 23% felt their online presence could be also.

Figure 9: Marketing communications most in need of improvement



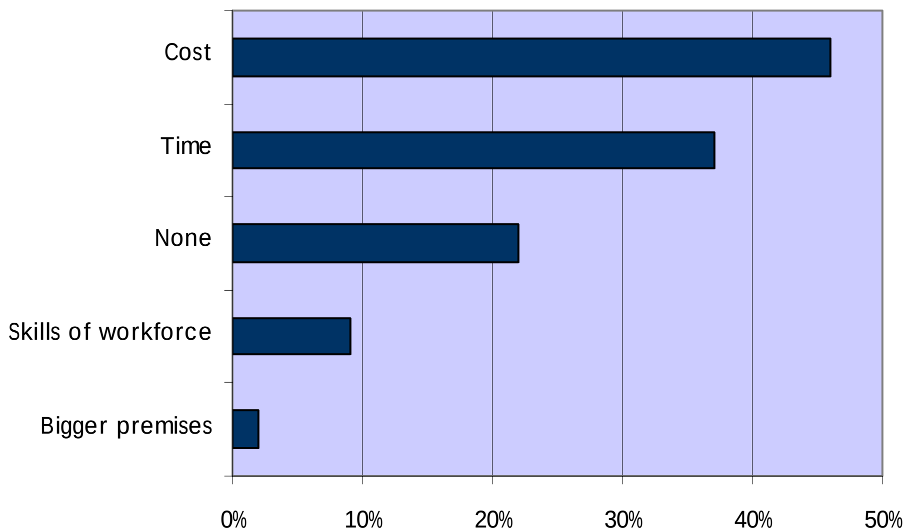
Base: 95 respondents
Balance: NR

While all regions were similarly likely to state that they were in need of no improvements in terms of their marketing communications, there was evidence to suggest that those in Cheshire were more likely to be in need of advertising improvement (41% cf. 27% overall), and less likely to be in need of branding improvement (6% cf. 16% overall).

Despite farmers / growers being less active in their marketing communications than secondary producers, they were more likely to have felt that there were no areas of this that needed to be improved upon (59% cf. 49% among farmers).

As with respondents trying to sell into different markets, cost and time were seen as the biggest barriers preventing respondents from improving their marketing communications (46% and 37% respectively). However, over a fifth (22%) of respondents felt that they faced no barriers. Cost was perceived as more of a barrier for secondary producers than for farmers / growers (53% cf. 32% among farmers).

Figure 10: Barriers perceived as preventing respondents from improving their marketing communications



Base: 95 respondents
Balance: NR

Sourcing Raw Materials

We asked respondents to list up to five of their most significant raw materials used within their organisation in the production of their output. As could have been expected, these were extremely wide ranging. For ease of analysis, these were grouped together into the following most common codes.

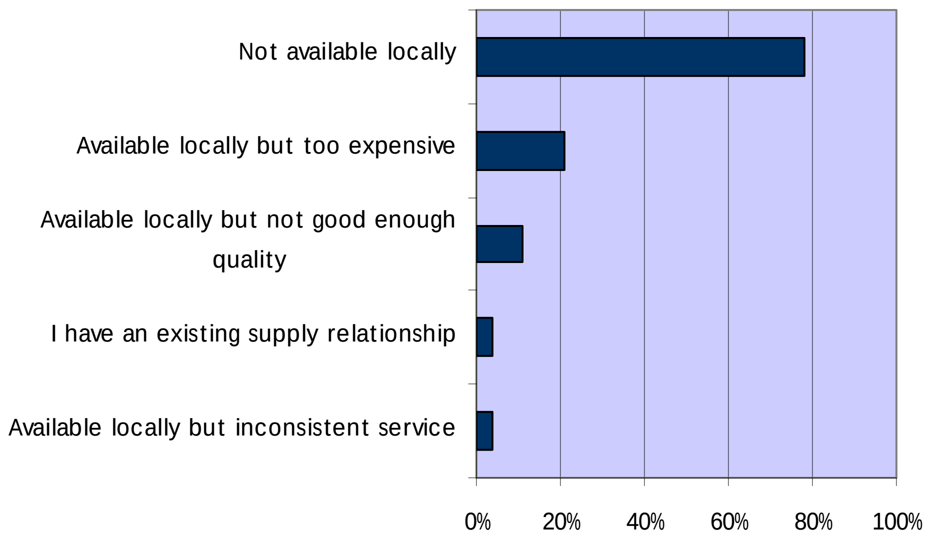
- Flour and Grains – (including malt, flour, cereals, barley, hops and wheat);
- Fresh Produce – (including all fruit and vegetables);
- Dairy – (including butter, milk, eggs and cheese);
- Animal Feed;
- Meat and Poultry – (including red meat, white meat and chicken);
- Sugar; and
- Spices and seasoning.

In addition to these there were a very wide selection of additional raw materials sourced less frequently; including fuel, packaging, drinks and food additives.

We also asked respondents where they sourced each of these raw materials from. Not all respondents were able to do so at a county level, while others were sourced from abroad.

As shown in figure 11 below, of those respondents who sourced raw materials from outside of their local area over three quarters did so because the materials were not available locally (78%). A further fifth (21%) of respondents acknowledged that the materials were available locally but were too expensive, while 11% felt that the raw materials available locally were not of sufficient quality.

Figure 11: Reasons for sourcing raw materials from outside the local area



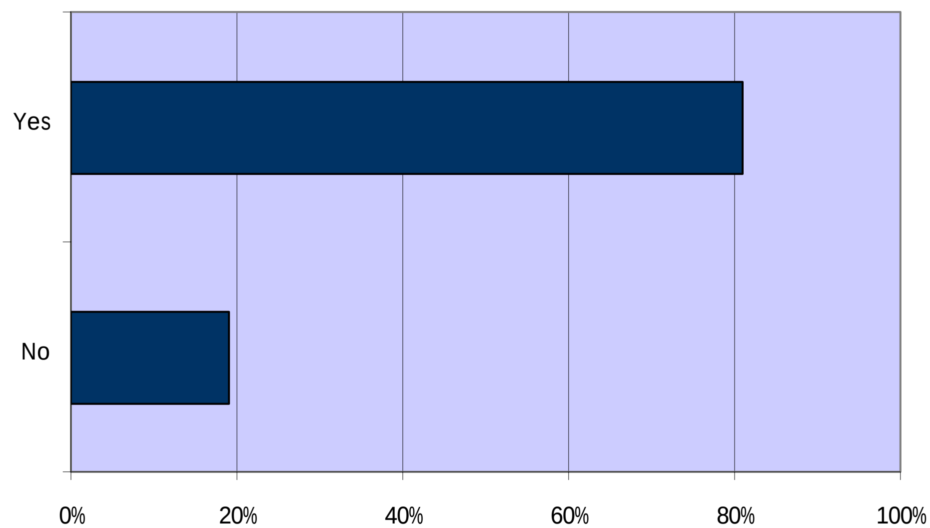
Base: 76 respondents
Balance: NR / DK / NA

There were very few significant differences between the perceptions of farmers / growers and secondary producers as to why they had to source raw materials from outside of the local area. That being said, it was apparent that secondary producers were more likely to source raw materials from outside of the local area due to the relatively high cost of local materials (25% cf. 11% among farmers).

Respondents in all regions presented a clear message that where raw materials were sourced from outside the local area this was down to them not being available locally. However, those in Lancashire were much less likely to not source materials locally due to their relative expense (7% cf. 21% overall).

Figure 12 shows that encouragingly, there was overwhelming favour among respondents currently sourcing raw materials from outside their local area to source more locally (81%). This was both the case for secondary producers (85%) and farmers / growers (73%).

Figure 12: Would you like to source more raw materials locally?

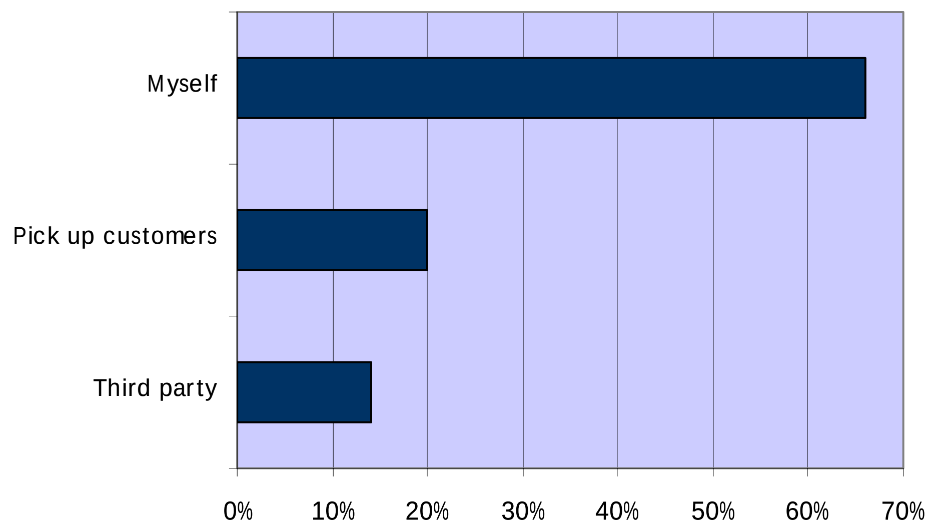


Base: 67 respondents
Balance: Not applicable (already source locally) / DK / NR

Distribution

As shown in figure 13, two thirds of all respondents (66%) were limited to conducting their product distribution themselves to the customer. A further fifth (20%) stated that the most common way for them to get their product to the customer was for the customer to pick it up personally. Only 14% of respondents used a third party transport company as their main method of distribution. Results also highlighted that secondary producers were more likely than farmers / growers to use a third party distribution partner as their main method of distribution (17% cf. 6% among farmers).

Figure 13: Most common method of distribution



Base: 113 respondents

Assurance and Certification

A very wide range of assurances and certification was held by respondents. In the main these were not mentioned with any great regularity, with the exception of HACCP (20%).

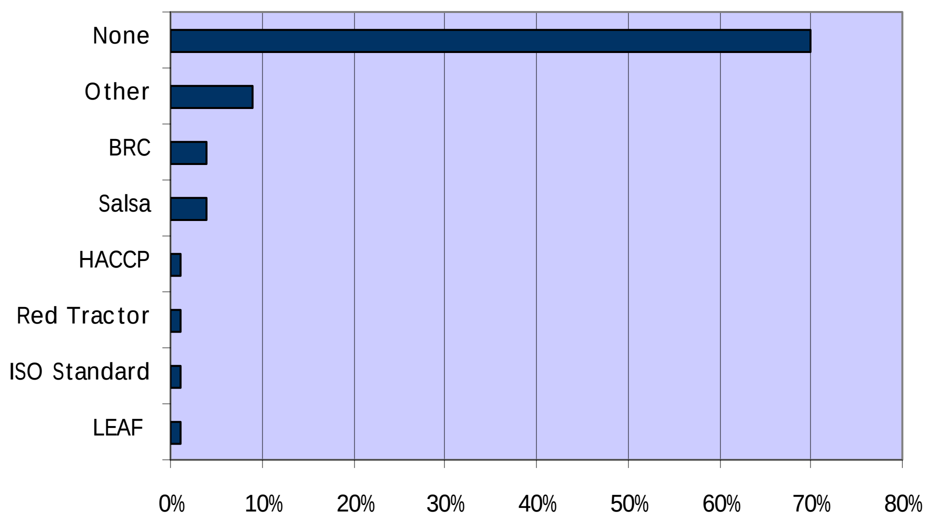
There were however, over a quarter (27%) of respondents who did not have any assurance or certification. A significantly higher proportion of secondary producers did not have any assurance or certification when compared to farmers / growers (33% cf. 14% farmers / growers).

While the HACCP certification was the most commonly held in all regions, this was particularly the case in Cumbria where two fifths (40%) of respondents held it. The proportion holding this certification in Cheshire and Lancashire was 14% respectively.

Also significant was the finding that organisations in Cheshire were significantly more likely to currently have held no assurance or certification (44%), where this was the case for only 20% in Cumbria and 10% in Lancashire.

Nearly three quarters of all respondents (70%) felt that they needed no additional assurance or certification as an organisation, see figure 14.

Figure 14: Perceptions of assurance or certification needed



Base: 102 respondents
Balance: NR / DK

Interestingly, of the 27% of respondents who currently had no assurance or certification, over three quarters of these (76%) felt that they did not need any.

Of the 16 respondents who stated that they were in need of some additional assurance or certification as an organisation, half (50%) stated that they had no time to work towards it while a quarter (25%) felt that the cost of acquiring the accreditation was too high.

Assistance

One of the key objectives of this research was to identify areas in which both farmers / growers and secondary producers alike would benefit from assistance and support. All in all, farmers and secondary producers alike were open to a wide range of assistance from a third party, with the biggest need for support perceived to be in the generic promotion of local food with provenance (72%), being introduced to new buyers or companies (70%) and finding funding for market or product development (68%). A full summary of responses is included in figure 15 below.

Figure 15: Third party assistance that would be welcomed

Base: 76 respondents
Balance: NR / Refused

In the main, both secondary producers and farmers / growers were willing to consider third party assistance. This was particularly the case among secondary producers who were more likely than farmers / growers to be interested in receiving third party assistance; particularly in the following areas:

- Help with marketing products to end customers (60% cf. 40% among farmers);
- Help with marketing products to trade customers (48% cf. 20% among farmers);

- Consumer events with the opportunity to sell products (52% cf. 30% among farmers);
- Assistance with new product development (48% cf. 30% among farmers);
- Working together with other businesses to improve buying power (40% cf. 20% among farmers);
- Help with product retailing (56% cf. 35% among farmers)

There were also several significant differences by region in the areas respondents would welcome assistance from third parties. These are summarised below:

Lancashire

- More likely to welcome assistance in promoting all local food with provenance (82% cf. 72% overall)
- More likely to welcome assistance of a pot of funding to allow implementation of own market or product development activity (82% cf. 68% overall); and
- More likely to welcome assistance in bringing together key players in the supply chain within your sector to investigate collaborative opportunities (55% cf. 43% overall).

Cumbria

- Less likely to welcome assistance in working to achieve food assurance schemes or accreditations (24% cf. 34% overall);
- Less likely to welcome assistance in providing and delivering relevant training to staff (36% cf. 46% overall); and
- More likely in welcoming assistance in overcoming distribution issues (53% cf. 38% overall).

Cheshire

- More likely to welcome assistance with marketing the product to end customers (75% cf. 54% overall);
- More likely to welcome assistance in sourcing more raw materials locally (50% cf. 33% overall);
- More likely to welcome assistance in adding value to current outputs to increase profit margins (70% cf. 54% overall); and
- More likely to welcome assistance in retailing their own product (60% cf. 50% overall).

In the main, respondents appeared quite willing to pay for third party assistance in the areas they needed it. Despite only 34% of respondents stating that they would welcome third party assistance with achieving food assurance or certification, the vast majority of these (89%) felt that they would be willing to pay for it. The assistance that respondents were least willing to pay for was introductions to new buyers / companies, support that 70% of respondents wanted.

Appendix 2 – Stakeholder Consultation

A total of 22 stakeholders were interviewed as part of this activity. A full list of consultees has been included at the end of this summary and they included representatives from the following:

- Sub-regional delivery support;
- Tourism sector – tourism boards as well as private businesses;
- Major multiple and independent retailers;
- Business support;
- Training providers;
- Restaurants; and
- Organisations representing the interests of farmers and growers.

Each consultee was asked the same range of questions as well given the opportunity to express any additional views / ideas they specifically had concerning the challenges and opportunities facing the development of local food supply chains.

All consultees believed intervention to support the availability, supply and demand of local food in the Northwest was required. In regard to what form this intervention should take varied significantly depending on the consultee's sphere of experience. This is to be expected given agenda's, motivation and strategic influence is differ between the consultees.

There were, however some common themes to emerge from the consultation which we believe, help to shape the level and form of action required to improve, the availability, supply and demand of local food in the Northwest. These themes are:

1. More effective integration throughout the sector is required;
2. Tourism is seen as a key opportunity for local food;
3. Distribution is seen as a key challenge;
4. Local delivery is necessary for effective performance; and

Each theme is explained in more detail below.

1. More effective engagement throughout the sector is required

Our research and consultation identified that the numerous stakeholder organisations with some involvement in local food were typically working in isolation. There is no question that all support organisations we spoke with working towards the common good for local food in the region but integration of activity and cooperation was limited. There was evidence of organisations speaking with each other and a good understanding of what each organisation did but there was very little evidence of cooperative activity for the common benefit of the sector. The only real significant example of cooperative activity we discovered was between LBTB and Made In Lancashire in the Taste Lancashire accreditation scheme.

This dislocation / detachment also led to confusion among the private businesses we spoke with. Many had heard of the numerous support organisations but were not sure what relevance they had to local food or to the support they could potentially offer to consultees business.

Where we identified the greatest levels of detachment was between the sector specific support organisations and Business Link. We found that many organisations were still somewhat resistance towards the new business simplification agenda and often Business Link were kept at arms length from any sector specific activity.

We believe greater integration and cooperation between all relevant support organisations would lead to improvement engagement with the sector and greater impact of public intervention.

2. Tourism is seen as a key opportunity

The tourism sector was consistently identified by the majority of stakeholders as an untapped opportunity for the development of local food supply chains. There was however; some examples of the tourism sector celebrating and promoting local food.

The most high profile activity has been the Lancashire and Blackpool Tourist Board's "Taste 08" campaign, designed to compliment the Liverpool 08 Capital of Culture activity. The campaign has included a coordinated programme of marketing communications activity to celebrate Lancashire food and drink as a key part of the county's tourism offer.

In addition to this successful campaign has been the promotion of the "Taste" quality accreditation for tourism businesses. The scheme was launched as a pilot by Visit Britain in 2005 and was adopted by both Lancashire and Merseyside. The scheme has proved successful, especially in Lancashire where it has been running for a number of years. To date, across the two sub-regions there are over 120 tourist establishments with the accreditation and a further 40 awaiting assessment (from an independent body).

We also spoke with the Destination Marketing Organisations (Visit Cheshire, Marketing Manchester and Cumbria Tourist Board) all of which indicated a desire / interest to administer a scheme to support local food but the reason they hadn't as yet was due to a delay from Visit Britain. Our consultation with the NWDA Tourism department identified a regional commitment to supporting the integration of improving the availability, quality and promotion of local food and drink within the Northwest tourism sector.

3. Distribution is seen as a key challenge

While our research with producers suggested they did not require support with distribution the view from stakeholders is very different. The retailers, restaurants and tourism establishments we spoke with all highlighted distribution and availability as a significant barrier preventing them from sourcing more local food.

Farmshops, independent retailers, restaurants and local hotels that use local food to add-value and / or differentiate their offer were sometimes unable to source the range they wanted due to minimum order requirements of producers. It was often cost and time prohibitive for many small retail and foodservice businesses to source local food as it meant expensive carriage charges or the need to deal with high numbers of deliveries and invoices.

This was also cited as a problem by the larger retailers we spoke with (Booths and Tesco) who explained that they were often restricted from sourcing quality, local product due to the capacity of the supplier. They said that while they were prepared to source local product for a specific number of stores (within a local area) they were not able to allow too many direct deliveries. Therefore local suppliers were forced to deliver to a hub / warehouse which would then forward collated goods onto store.

There was support among many stakeholders for the development of local food hub(s) within the region that would have the ability to receive orders of local food and drink from retailers (multiple and independent) then collate and distribute all requested local product direct to store – one order, one delivery, one invoice.

Plumgarths and Northern Harvest were two models mentioned by stakeholders, however it was the general view these models could be improved upon.

4. Local delivery is necessary for effective performance

Given that many of the stakeholders we consulted were sub-regional delivery partners this opinion was not unexpected. However, placing sub-regional partners to one side for the moment, local delivery was the majority view from the private businesses and rural sector consultees. It was felt that ‘local food’ requires a local solution in terms of delivery.

Most consultees agreed that for the purpose of public sector support ‘local’ should mean county. This would allow the opportunity to align with the strategic frameworks of other sectors (rural and tourism) as well as establish an identity that was meaningful for all players along the supply chain, including the consumer.

Table 2: Stakeholder consultees

Business / Organisation	Consultee
3663	Alex Thompson
Barton Grange Garden Centres	Russell Winteridge
Booths	Chris Treble
Business Link NW	Chris Rose, Ian Palmer and Keith Bush
Country Land Owners and Business Association	Douglas Chalmers, Carole Hodgson and Mike Ashton
Distinctly Cumbrian	Pauline Herbert
Enrich	Tim Goldsborough
Food and Drink Federation	Callton Young
Food From Britain	Irene Bocchetta
Food NW - Public Sector	Ed Bailey
Huntley's Farmshop	Angie Webb
Lancashire and Blackpool Tourist Board	Tony Openshaw
Made in Cheshire	Jane Casson
Made in Cumbria	John Anderson
Made in Lancashire	Ella Trickett
National Farmers Union	Terry Abbott
North West Organic Centre	Chris Atkinson
Northcote Manor	Nigel Haworth
NWDA - Rural	David Hunter
NWDA - Tourism	Katherine O'Connor
Tesco	Emily Shamma
Whoop Hall Hotel and Country Club	Jo Boleta & Simon Jackson
In addition we spoke to representatives from all other sub-regional tourist boards concerning the Taste accreditation scheme	

Appendix 3 - Forecast Outputs and Budget

The following are the forecast outputs and budget for each recommended action. The target figures have been forecast in close consultation with Food NW.

	Market intelligence	Meet the buyer programme	Consumer and trade shows	Consumer communications campaign	Farmer's markets	Taste accreditation scheme	Distribution Hub	Total
Forecast Outputs								
Businesses assisted to improve their performance	100	200	315	250	100	tbc	30	**995**
People assisted in their skills development	10	20	150	-	50	tbc	-	**230**
New jobs created	-	5	11	-	5	tbc	-	**21**
Jobs safeguarded	30	20	50	-	10	tbc	-	**110**
Forecast Budget								
ERDF funding								
Other public funding								
Private								
Total	**£90,000**	**£126,000**	**£960,000**	**£448,000**	**£100,000**	**tbc**	**£50,000**	**£1,576,000**