

Commercial in Confidence



**Hugh Fraser
Foundation**

Final Report
for

Local Food – Local Plates

Prepared for

The Southern Upland Partnership

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living land, living community

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We have engaged a range of individuals and organisations during the project and a list of industry consultees can be found in the Annexe. We would like to record particular thanks to Jacqueline Wilson and Daniel Hird from Scottish Enterprise Dumfries and Galloway, Alan Priestley and Ian White of Combined Services, Members of Dumfries and Galloway Council, Robin Anderson of Wallets Mart, Bryce Taylor of Lockerbie abattoir and all those who have given up time to talk with us.

Policy Context

"Creating the right conditions for rural businesses and communities to flourish is a major challenge. Accessible areas benefit from economic opportunities provided by their proximity to Scotland's towns and cities. Remote areas - especially in the uplands and islands - face difficulties in stimulating locally-driven business activity, attracting inward investment and supplying distant markets. Many areas are sparsely populated and do not enjoy levels of access to service provision found elsewhere in Scotland. Major tasks exist in building capacity in local communities to remove barriers to development and in adding value locally. At the same time, the high quality of the landscapes and natural resources across rural Scotland offer significant opportunities in the food and drink and tourism sector and provide attractive environments in which to live and work."

Scottish Executive, February, 2006. The Consultation on Rural Development Programme for Scotland 2007 - 2013, the Strategic Plan

"Competition in global commodity markets will always be a serious challenge for Scottish producers due to their relatively small scale of operations and the frequently difficult farming conditions. This highlights the importance of product differentiation, taking advantage of the fact that Scottish produce has a good story to tell in terms of tradition, quality, environment and animal welfare. Consumers primarily buy on price, but their buying decisions are also influenced by quality. There is certainly a market in quality produce, reflected in the significant and growing market for premium products. Consumers are also showing greater interest in healthy, nutritious and locally sourced food. Thus, there is a real marketing opportunity for the Scottish provenance. There is, however, a constant need to explain to consumers what is special about Scottish produce, for example in terms of its quality, value, nutrition, environmental friendliness and local production. We must also ensure that these standards are constantly monitored and maintained to promote consumer confidence. As well as farmers, this will benefit processors and the food service sector, where growth in food tourism has built on Scotland's reputation for high quality food".

"We also wish to encourage the further development of food processing industries and to promote a culture of innovation in the agri-food sector. Scottish Enterprise has identified the food and drink sector as a national priority industry and it is vital that agricultural industry stakeholders remain closely involved in the future development of this food and drink industry cluster".

"Food miles" (arising from national and international food distribution, from producer through intermediaries in the food chain to the consumer) are a recognised source of greenhouse gas emissions; these can be reduced through increased transport efficiency and greater use of locally-produced food".

A Forward Strategy for Scottish Agriculture: Next Steps - March 06

Executive Summary

- **Public Sector Procurement for D&G Schools and Social Services**

D&G Council Combined Services (CS) provides foodstuffs to 125 schools over an area exceeding 2500 square miles. Ninety of these schools still have production kitchens and they produce over 10,000 school meals each day. In addition, CS supplies 55,000 meals each year for Social Services. To supply the very scattered kitchens CS has operated a central distribution hub for over 10 years, which is an economic, manageable and environmentally sustainable distribution model for a rural, sparsely populated area such as D&G.

Relative to the scale of livestock production in D&G there is therefore very limited use of red meat in schools and social services catering. Out of a total 47 tonnes procured annually by CS, approximately 12 tonnes is beef and 1.5 tonnes is lamb. The balance is white meat, poultry and pork, including processed food such as sausages. Because all this meat is procured frozen, to meet the logistics and H&S requirements of the distribution hub system, the sources will vary. However, in common with much public sector procurement, it can be assumed that most food, particularly red meat will be procured from outside the region.

Nevertheless, whereas there is little, short term economic impact to be gained from localising CS meat procurement, there are sound environmental, social and 'awareness-raising' grounds for doing so, given the continued importance of farming to the rural economy and landscape of the region.

- **Livestock Production in Dumfries & Galloway**

Livestock, particularly beef cattle, sheep and dairy cattle, remain very important contributors to the D&G economy. D&G's current livestock farming operations still represent 13% of all cattle holdings in Scotland and 8% of all sheep holdings, with total cattle and sheep numbers standing at 427,580* and 1,128,133* respectively.

Moreover the cattle held in D&G represent 22% of the entire Scottish herd, whilst the sheep held represent 14% of the entire Scottish flock. Therefore the 'average' cattle and sheep holding in D&G are considerably larger than the average for all of Scotland. Furthermore these statistics almost certainly mask the fact that, whilst there are numbers of significant farm businesses in D&G,

these exist alongside many smaller holdings, which further reinforces the importance of farming to D&G's economic, environmental, landscape, social, cultural and employment 'well-being'.

- **Livestock Marketing from Dumfries and Galloway**

No exact statistics exist in terms of the 'crop' of livestock produced by D&G. However the MLC (see Annexe) estimates that perhaps 283,000+ cattle and 698,000+ sheep will be traded each year. Of these, 113,000 cattle and 516,000 sheep will 'finish' in the season.

D&G as a region produces a relatively high proportion of 'Store' animals, namely those that are taken elsewhere to be finished for slaughter. Of the finished livestock that D&G currently produces, approximately 70% of cattle and 50% of sheep will be sold, under direct contract, to a range of abattoirs outside the region.

Whereas the auction mart sector within D&G and in surrounding regions is still an important component of the livestock infrastructure, marketing a considerable numbers of animals, both store and prime, much primary produce now leaves the area without any 'added value', foregoing any potential 'downstream' profits, income and/or employment opportunities.

Whilst organic and specialist producers represent only a small part of overall livestock production in D&G, less than 5% of the total, this sector has become a growing and important 'niche' within the overall market and one that can provide the foundation for the re-vitalisation and re-localisation of red meat in the region.

- **Red Meat Processing in Dumfries and Galloway**

There are only two remaining abattoirs in D&G - one medium-sized, specialising in lamb for export, the other small, which is multi-species, organic/conventional and situated so that it is accessible to a wide range of local customers from across the region.

Therefore the current infrastructure could be said to be 'just capable' of supporting the current needs of producers in D&G. However any closure, particularly that of the Lockerbie plant, would signal the end of these vital core

services, along with any prospect of supporting the current, or rebuilding the potential, local red meat food chain in Dumfries and Galloway.

- **Future Challenges and Opportunities**

- **The maintenance and development of the basic infrastructure necessary to support the re-localisation and re-vitalisation of red meat production and processing in D&G will require a significant investment from, and collaboration between, the public and private sectors.**

- **This, in turn, will demand collaboration across relevant agencies within the framework of a cross-cutting, shared strategy which not only embraces, but also translates into practical action, the current policy imperatives already highlighted in the 'context' above.**

- **Such a task will not be easy, particularly in the face of fierce competition from powerful supermarkets and multi-national food suppliers from across the world.**

- **However, the consequences of doing nothing to strengthen the sector could have significant detrimental, 'knock-on' effects throughout D&G's rural economy.**

- **Whereas, on the other hand, the benefits of maintaining a robust red meat sector, for D&G and the region as a whole, are significant and every effort should therefore be made to bring this vision into reality.**

1. Introduction

This project arose from discussions at the 2004 AGM of Southern Uplands Partnership (SUP) on the potential to add value to livestock produced in the south of Scotland as it was felt value-adding locally, and the jobs this could bring, were very limited. At the time there was considerable interest in sourcing locally for public procurement and the content of school meals. Funds were received to commission consultancy work looking at the possibility of adding value to meat produced within the region by enabling local beef and lamb to be procured for school catering in Dumfries & Galloway.

The original tender brief summary read as follows:

LOCAL FOOD – LOCAL PLATES

Integrating sustainable development into procurement of food for public purchasers in Dumfries & Galloway with particular reference to Scotch beef and lamb for use in schools meals throughout the region.

‘to undertake research into the possible local procurement of Scotch beef and lamb for use in school meals delivered by Dumfries & Galloway Combined Services as follows:

- i) to identify the blocks/perceived blocks to local procurement of Scotch beef and lamb to Dumfries & Galloway Council Combined Services for school catering.
- ii) to audit the current availability of Scotch beef and lamb from producers and/or processors within Dumfries & Galloway and identify how these would meet current and anticipated future demand, working individually, as a cooperative or other marketing group.
- iii) to draft strategies with input from relevant partners to overcome the obstacles to successful tendering by small/medium sized Scotch beef and lamb producers and/or processors within the region.
- iv) to provide a report on the project for circulation and to input to a seminar to present the outcomes of the project.
- v) to review EU procurement and competition law and guidelines and best practice delivered in other regions.

1.1 Management

The consultants reported to a joint steering group comprising representatives of the Southern Uplands Partnership namely, SUP Director and project Chair Wilma Finlay, SUP Director and local farmer, Robert Hall and, from Quality Meats Scotland, Laurent Vernet. Day to day responsibility for managing the contract rested with Flora McDowall of the Southern Uplands Partnership.

Funding and in-kind support were provided by Scottish Enterprise, Dumfries & Galloway, Dumfries & Galloway Council Agenda 21 Fund, The Hugh Fraser Foundation, the Scottish Community Diet Project and Quality Meat Scotland.

During the course of the consultancy successive phases of the work were reported to the steering committee and quite major shifts were made to the original brief as a consequence of the work in progress, agreed at the time by all involved parties. This document therefore provides a narrative of the work on the ground, the conclusions that were reached at each stage and the subsequent logic that underpinned the further work that was undertaken.

The first phase of the consultancy started in February 2005 and tracked the initial brief as laid out in the original tender document, namely to undertake research into the possible local procurement of beef and lamb for use in school meals delivered by Dumfries & Galloway (D&G) Combined Services (CS) by:

- i) Identifying the blocks/perceived blocks to local procurement of local beef and lamb to Dumfries & Galloway Council Combined Services for school catering,
- ii) Auditing the current availability of local beef and lamb from producers and/or processors within Dumfries & Galloway and identifying how these would meet current and anticipated future demand, working individually, as a cooperative or other marketing group.

2. Public Procurement of Red Meat in Dumfries and Galloway

Extensive interviews were conducted with Alan Priestley, Procurement & Supplies Manager Combined Services, Dumfries & Galloway Council (D&G) and Ian White, Service Manager for Catering & Building Cleaning, D&G Council.

The procurement of food for schools and social services in D&G is executed by Combined Services (CS), now serving 125 schools in a 2,500 square mile, essentially rural area covering the whole of Dumfries and Galloway. Of these schools there are 90 remaining with production kitchens, of which 16 are secondary schools and the rest are primary schools. CS provides 10,000 school meals per day + 55,000/year for social services each year, within an overall procurement budget of £4.5m. The central food depot in Dumfries acts as a purchasing, packing and distribution hub for all the D&G outlets, holding a maximum stock of goods valued at approx £55,000.

Centralised distribution for school meals in D&G was set up over 10 years ago with the specific purpose of overcoming some of the difficulties relating to meals provision for a very rural, widely dispersed schools network, involving long delivery distances relative to more urban councils. By providing a one-drop facility, which deals with the procurement, packaging and distribution of all storable items required for schools dinners, namely the frozen, ambient and limited chill elements, a central hub reduced the 'food miles' travelled and rationalised the overall distribution system's logistics and costs. 'Short shelf life' items such as milk and yoghurt continued to be distributed direct to schools by suppliers, but there are now weekly and/or fortnightly drops to schools, depending on the demand profile and the storage facilities of each school.

Interestingly, one of the main reasons to establish the facility at the outset was the situation D&G CS then faced with regard to supplies of fresh meat (from a supplier in Ayr). Meat was 'a nightmare, with blood leaking from cardboard boxes, no proper vac-pac'. Nevertheless, by setting up what is effectively a central packaging and distribution hub, a number of additional advantages accrued, not the least being that bulk buying achieved economies of scale in cost terms. Moreover the new system also meant there was a single point of contact, with reduced paperwork and a simplified invoice and credit note system based on

deliveries, which also reduced administrative overheads.

When the distribution hub was established in 1994 there was an estimated 18% cash saving (at 1994 petroleum prices) because of the more rational distribution system using less delivery vans. The major cost of establishing the central hub system was the need to equip schools with freezer space and the purchase of two delivery vehicles. All repairs and maintenance of vehicles and refrigeration units in schools are handled by D&G in-house engineers. However, the Scottish Parliament's 'Hungry for Success programme', which has been in the process of being established since Dec '04, has placed considerable extra management burdens on the CS operation, not the least being the maintenance of cost-recovery. This was because of very limited scope for price increases, whilst having to absorb increases of 60% in the overall raw material cost of meals, up from 51p to 81p due to portion size increases, more choice, various added extras, increased quality etc.

Moreover, the overall uptake of school meals has continuously declined, going from 57% in '01 to 43% in '05. This had an impact on turnover, increasing overheads as a proportion of overall costs. Therefore, at present, CS have intense operational and budgetary pressures, so have no dedicated resources to take a closer look at more localised public procurement of meat or any other food product because their one and only food procurement officer also sources all other D & G inputs, such as tarmac, gravel, building materials etc so has no spare time or cash resources. Indeed procurement of Food for Schools and Social Services only represents approximately £1.5m out of the overall £50m procurement budget of D&G Council.

Moreover, an analysis of the purchasing records showed that the total beef requirement for schools is just over 12 tonnes, or 26% of the total meat requirement, made up entirely of fore end cuts. Based upon block tests this might represent parts of between 150-300 average sized beasts. Lamb requirement is considerably smaller, with an annual contract of just over 1 tonne or 2% of the total. The usage of pork is 27.5 tonnes or 57% of the total. It is likely that a significant percentage of the lamb and pork product will be derived from imported sources, particularly as the contract specifies frozen and not fresh.

Description	Price	Unit of issue	Annual usage	Total kg	%
<u>BEEF</u>					
Minced Beef		1 x 1kg	6941	6941	15
Diced Steak		1 x 1kg	3653	3653	8
Brisket Rolled		1 x 1kg	1534	1534	3
<u>PORK</u>					
Diced Pork		1 x 1kg	1302	1302	3
Rolled Shoulder Pork		1 x 1kg	1116	1116	2
<u>LAMB</u>					
Diced Shoulder Lamb		1 x 1kg	1055	1055	2
<u>POULTRY</u>					
Minced Turkey		1 x 1kg	560	560	1
Diced Light Turkey		1 x 1kg	2606	2606	5
Diced Chicken Thigh		1 x 1kg	1393	1393	3
<u>BACON & SAUSAGE</u>					
Sausage Meat		1 x 1kg	325	325	1
Pork Lorne Sausage		1 x 1kg	5345	5345	11
Pork Sausages		1 x 4.54kg	3264	14819	31
Streaky Bacon		1 x 1.36kg	697	948	2
Back Bacon		1 x 1.36kg	3568	4852	10
Haggis Sticks		1 x 1.5kg	771	1157	2

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Meat tenders specify home produced/home killed beef and poultry, resulting in chicken from Perth and beef from McIntosh Donald of Aberdeen. By specifying frozen meat this allows HACCP to catch up with any potential health problems

before they happen, as tests are done ahead of actual delivery to schools. The contract, which is let by Combined Services on a three-year cycle, specifies frozen product as this suits their hub system of delivery on a weekly, fortnightly and monthly cycle. Although the contract specifies home produced/home killed for beef it is likely that a significant percentage of the lamb and pork product will be derived from imported sources, particularly as this suits the frozen profile. Pioneer Foods in Carlisle has retained the contract, let in mid 2005.

The inevitable conclusions from this phase of the work were that:

- Even if the D&G public sector re-localised its entire meat procurement the quantities involved will never represent a significant stimulus to demand for local Dumfries and Galloway meat produce.
- There may, however, be a considerable, positive psychological effect, bearing in mind the rural nature of the region and its close ties to primary agriculture, should D&G re-orientate its purchasing to source more locally. This would be reinforced if such a move is coordinated with a sustained awareness raising and educational campaign across the region. This could highlight the heritage, landscape, tourism, amenity and employment value of D&G farming economy, through schools, parent teacher associations and relevant authorities. (ref end of this chapter and Annexes)
- The existing, or even potential, scale of D&G procurement of meat for schools and social services cannot itself be a base for rebuilding a local meat supply and processing chain. Moreover, the current distribution system is a barrier because it presently depends on minimising drops to schools by using frozen meat rather than fresh.
- Where schools have been able to source local meat it has currently been through schools purchasing individually and therefore buying an amount too small to have to follow EU procurement legislation, or because they have specified "fresh". Current central buying policies and frozen meat specification make it difficult to envisage D&G CS procuring local meats through this route.

- However, the opportunity to supply local D&G meat into wider Scottish public sector markets should not be discounted, e.g. public procurement by the ABC Consortium for eleven mid Lothian and W. of Scotland authorities is 20 times larger than D&G's demand and is arguably still a 'local' market for D&G produce.
- There is sufficient time before the next CS contract in two years, given dedicated input from, say, a 'local produce officer', to organise local, seasonal meat for delivery to a cutting/processing/freezing facility, provided there was will and commitment from D&G CS and the local D&G producer/processor sector, as described elsewhere in this report.
- Public procurement markets often have barriers to more localised procurement which have not yet dissolved. Although the restrictive tender regulations imposed by EC regulations remain in place the trend will be to open these markets up to more seasonal and/or local specifications, but the relative lack of local farmer-owned controlled slaughter, cutting, packing and marketing of D&G produced meat would still remain a big barrier to competing against cheaper imports in what is still a 'least-cost' market.
- Because of the relatively small scale of local demand for local meat produce, particularly by the public sector, relative to the scale of local production, it was decided by the steering committee and the consultants, that the focus and emphasis of the consultancy should be adjusted. It was decided that determining more accurately the actual extent/lack of facilities to add value to livestock produced within the D&G region itself had significant bearing on the potential to market beef and lamb both in D&G and beyond to public procurement and commercial outlets.
- Moreover, it was decided that consultancy time should be allocated to gain some measure of the scale of required investment costs and scope, should increased farmer –owned involvement in any added-value facilities be justified, with a view to the final report and recommendations including a 'feasibility evaluation' of such an option.

- It was also decided that, whereas the focus of these activities should remain within the D&G locality in terms of the supply side, it could potentially involve SUP and other networks beyond D&G in terms of potential market outlets. This might be both across the Southern Uplands and into more populous urban conurbations.

2.1 Other Markets for Local D&G Meat, Beyond Public Procurement

Although excellent work is being done with niche players in the food sector by initiatives such as *Savour the Flavour*, there is actually relatively little emphasis placed, either by producers, retailers or the tourism industry, on the strength of locally produced food from Galloway, particularly meat and meat products, certainly when compared with other UK regions, some less well endowed with high quality meat produce and reputation.

The opportunities to develop and implement a collaborative strategy, to exploit these comparative marketing advantages, which could and should be shared between the regional food group, the tourism authority, local landscape and heritage industries, the education and social services, public procurement, public/private sector awareness raising / educational departments, the private sector enterprise agencies and the regional development agencies have not yet been recognised, let alone prioritised for action. Despite the potential to make the most of a significant natural asset of the region, 'joined-up', cross-cutting strategy and action specifically to support the local meat chain is largely not yet happening, even though this industry still represents a major part of D&G's entire rural and overall economy.

Evidence and action from elsewhere in the UK and across Europe, some involving our consultancies, indicates that educational and awareness raising work linking local produce to landscape, heritage and tourism can provide a profound and positive long-term stimulus to demand for local produce, both locally, regionally and beyond with the growth of tourism. As yet D&G lags some way behind in this respect but could leapfrog by building on good practice from elsewhere. In general, sustainable, resilient and expanding local food chains have accepted the old adage '*chains can only be pulled not pushed*', so efforts to generate demand-led increases in quality local meat consumption go hand-in-hand with any requirement to underpin the local production and processing sector with investment.

Within the Annexe we lay out diagrammatically the scope and potential for cross-departmental strategic action to promote the D&G region and beyond. There is a strong case for an NGO such as Southern Uplands Partnership, particularly with a brief to work across the wider South of Scotland region that shares these same challenges and a remit, moreover, that covers many of these cross-cutting issues already, to be funded so that a dedicated officer could move this agenda forwards in parallel to any possible investment in increasing the local supply chain capacity, building on good practice that has already worked in Scotland, elsewhere in the UK and Europe.

3. Livestock Production in Dumfries & Galloway

3.1 Livestock Populations in Dumfries & Galloway

Livestock rearing is particularly important to Dumfries and Galloway and this is borne out by the livestock census data undertaken each June by the Scottish Executive. Although the census covers all three main animal species, Cattle, Sheep and Pigs as well as arable, forage and protected crops and fruit, this report concentrates solely on Cattle and Sheep in the context of red meat production. Although this is not to belittle the contribution made by these other sectors, the thrust of this work is based on cattle and sheep bred for meat.

The number of holdings that have sheep for milk production is likely to be very small and the data available on sheep will therefore be very representative of the total stock available for red meat. Cattle are held for both meat and milk production and Dumfries and Galloway is an important 'milk field' therefore by no means will the total data on cattle represent the stock that is available for red meat.

3.2 Cattle and Sheep Holdings

There are a large number of farm businesses in Dumfries and Galloway corroborated by the June Census, which is a straightforward indicator of the importance of livestock agriculture to the region. Extreme caution needs to be adopted when considering the data presented by the June Census. Although the numbers of animals is likely to be accurate, estimates of the number of farm holdings is corrupted to some extent both by those holdings which are not significant in terms of farming activity, with very few or no animals, by redundant holdings on properties no longer involved in farming and by multiple holdings, which are holdings under the control of one or more inter-connected farming business or businesses. Moreover, the census data is still collected on a system broken down by County and Parish, which is the traditional method but does not always allow for direct comparison with other data gathered on a sub-regional, regional or national basis.

3.3 Cattle – Holdings and Stock Held

There are 1,841 Cattle Holdings in Dumfries and Galloway (a holding indicating some form of farm enterprise and that animals are probably present, the

numbers being declared as part of the Census), which represents over 13% of all cattle holdings in Scotland. This is a relatively high proportion of holdings, given the size of the region when compared to the rest of Scotland.

The total number of cattle held stands at 427,580, which will include all animals, whether dairy or beef animals and at all stages of their lives. This number therefore represents the total 'supply chain' of animals, many of which, if destined for beef, will take several seasons to develop, either as Store or Prime animals. Approximately 56,000 of the above cattle are dairy cows.

Cattle in Dumfries and Galloway represent nearly 22% of all cattle throughout Scotland, again a relatively high proportion of animals given the size of the region.

Set against these figures, moreover, is the fact that the average cattle holding in Dumfries and Galloway, has 232 cattle whilst the average throughout Scotland is 140. This therefore backs up anecdotal evidence that there is a wide disparity in terms of numbers of animals held on individual farms in Dumfries and Galloway with some having small herds, whilst others have considerable numbers probably amongst the highest in the UK.

The evidence therefore indicates not only the importance of beef cattle within the livestock economy of Dumfries and Galloway overall, but also that the numbers in holdings which can be regarded as seriously large operations are high, probably amongst the highest in the UK. Moreover, although there are some significant farm businesses with large beef enterprises there is also an underlying, differentiation, with a further, quite significant set of relatively small holdings.

3.4 Sheep - Holdings

There are 1,262 sheep holdings in Dumfries and Galloway, which represents nearly 8% of all sheep holdings in Scotland. The total number of sheep held, which includes all animals, stands at 1,128,133, which is approximately 14% of all sheep in Scotland. Once again, the ratio of farm holdings to sheep held in Dumfries and Galloway is lower than the average for Scotland. The average sheep holding in Dumfries and Galloway holds 893 animals, whilst throughout Scotland the average is 506. Again, averaging in this way is distorting but both base and anecdotal evidence suggests that the region contains numbers of significant sheep enterprises.

Data from DEFRA indicates that Dumfries and Galloway is actually increasing its share of the total UK breeding flock for sheep, which is in sharp contrast to an overall decline in the sheep flock nationally. In the three year period 2002/2005 DEFRA recorded an overall decline in breeding ewes in the UK of -4.5%, which is a significant decline of 640,000 animals. This compares with an increase of breeding ewes in Dumfries and Galloway of 43,134 or 11% in the two year period 2002/2004.

There is no direct statistical evidence that explains this increase within Dumfries and Galloway, but it can largely be explained by the extensive 'killout' and restocking which took place in the region during and after the last F&M outbreak. Certainly these figures do reinforce the fact that farm holding sizes are increasing and the consolidation of farming activity in fewer hands over time. As with cattle holdings it also demonstrates the importance of sheep within the agricultural economy of Dumfries and Galloway.

3.5 Mixed Farms

Although the data above for cattle and sheep is shown separately, it is important to realise that many of these holdings will be combined, with farms perhaps operating a beef and sheep enterprise or perhaps a dairy and sheep enterprise etc. Once this fact is taken into account, alongside the data that these farms on average hold more stock than the Scottish average, it further demonstrates the size, professional nature and capacity of Farming PLC in Dumfries and Galloway. Moreover, it should always be remembered that this overall operation created and still maintains the particular 'landscape identity' of the region.

3.6 Total Store and Finished Stock from Dumfries & Galloway

Beef cattle and sheep will be marketed from within Dumfries and Galloway either as Store or Prime Stock. Store stock represent animals at the point of sale, primarily cattle and sheep, which are part-finished i.e. they are weaned but still have growing time and further feeding to complete before slaughter. Traditionally, Store animals, along with breeding replacements have been reared in Upland areas such as the South of Scotland, Northern England and the Welsh Mountains to supply Lowland farms with breeding replacements or Stores to finish as Prime animals for slaughter.

This system, which is driven by geography, growing conditions, farm layout and tradition still prevails to a great extent although a proportion of cattle and sheep will be finished as Prime animals in a region such as Dumfries and Galloway. Prime animals are those that have 'finished' i.e. an animal at a suitable weight and condition for slaughter. This finish is based on subjective assessments made by the farmer, livestock dealer or buyer with regard to conformation of the animal and the amount of fat the animal is carrying.

The Meat and Livestock Commission (MLC) in a report commissioned as part of this work (see Annexe) have provided some estimates of the numbers of animals leaving the region using a national coefficient. This estimates a proportion of animals becoming available for the food chain. Advice from within the region indicates that a significant proportion of this stock now leaves as Store, rather than Prime and is finished elsewhere.

3.7 Store & Finished Cattle

Using the MLC calculations, from a total cattle population in Dumfries and Galloway of 427,580 - Dairy Cows (55,535) and Beef Suckler Cows (89,000) are deducted, leaving a residual population of 283,045. It is this population, which is available for sale as Store or Finished stock. Under the MLC national coefficient approximately 40% of this population (113,218) will finish and therefore be available for slaughter. The balance will either be sold as store stock or are yet to be finished on the farm of origin.

3.8 Store and Finished Sheep

Using the MLC calculations, from a total sheep population in Dumfries and Galloway of 1,128,133 – Breeding Ewes (429,644) are deducted, leaving a residual population of 698,489. Again, it is this population, which is available for sale as Store or Finished stock. Under the MLC coefficient approximately 74% of this population (516,881) will finish and therefore be available for slaughter. The balance will either be sold as store stock or are yet to be finished on the farm of origin.

The difference in the coefficient between cattle (0.40) and sheep (0.74) represents the speed with which an animal will mature and finish ready for slaughter – this is mainly a factor of the size of the animal, obviously cattle will

mature more slowly than sheep. In terms of their equivalent size, a dairy cow representing 1 unit, a sheep will equate to between .04 and .11 parts of a unit.

Perhaps surprisingly, no national or regional statistics exist which record how many animals actually leave a region and the reason for the export. From a local perspective, many of those involved in the supply chain believe that the majority of the cattle and sheep available will leave as Store rather than Prime stock.

3.9 Deadweight Selling

Of the stock that does leave the region as Finished or Prime stock an increasing proportion will be sold through the deadweight system. Effectively this means that the animals are sold directly to an abattoir or through one of their field representatives, many of whom may represent several buyers or may be livestock dealers in their own right. The impact of this, which has been felt over a period of several years, is the exclusion from this supply chain of the traditional auction mart.

According to MLC national statistics, the number of cattle in the UK being marketed through the deadweight system has increased from just over 57% in 1999 to over 77% in 2004. There is nothing to suggest that this route to market will not be maintained and probably increase over time. In terms of sheep, the trend has been similar although slower with just under 47% going deadweight in 1999 compared with 57% in 2004. These national statistics, in terms of Prime stock are probably quite an accurate reflection of activity in Dumfries and Galloway.

As can be seen, the deadweight method is the preferred route to market, particularly for cattle and this is often based on long standing contractual relationships between large primary producers and abattoirs, which are procuring animals very tightly specified to suit the needs of dedicated customers such as supermarkets.

3.10 Auction Mart Sales

There are a number of auction marts, which serve Dumfries and Galloway, some within the County, others outside. Once again there are no definitive statistics which indicate the source of the animals being sold through particular marts.

Information from the MLC (see Annexe), anecdotal evidence and a measure of guesswork can be used to gain a fairly accurate picture however.

There are three livestock marts in Dumfries and Galloway which sell Prime or Finished stock. These are Dumfries, Lockerbie and Newton Stewart. Each of these marts are Price Reporting Centres for the MLC, which means they report the range of prices paid for varying breeds of animals from each sale to the MLC. Although Castle Douglas does sell prime stock (since 2006), numbers are not sufficient to report to the MLC. This data provides farmers nationally with a very accurate daily guide to prices and these are available from the MLC, on the Internet from various commercial sources and in the weekly/monthly farming trade press.

The total number of cattle, which were recorded as being sold as Prime live weight in 2004 was 5,535 and they all went through Dumfries mart. Lockerbie handled a few cattle but not enough to warrant recording for the MLC. Newton Stewart recorded no prime cattle.

In terms of sheep, the same three marts were all active in 2004, with a total of 184,322 sheep sold of which 28,762 are breeding Ewes.

Outside the region but within close proximity there are a further five marts, which will almost certainly attract cattle and sheep from Dumfries and Galloway. These are Ayr, Longtown, Carlisle, Newton St Boswell and Lanark. All of these are price reporting centres for the MLC for cattle and sheep. In total in 2004 these five marts sold 38,805 prime cattle, 755,295 prime sheep and 264,047 Ewes.

The relatively small number of cattle being sold within Dumfries and Galloway itself as prime animals is perhaps a bell weather of the market trend for the region as a whole. Although it is possible to choose from various assumptions, each leading to different estimates and predictions, the likelihood is that the majority, around 60-70%, of animals available each year now leave the region as stores to be finished elsewhere. Of the animals that are finished in Dumfries and Galloway, the large majority will be sold deadweight, directly to a buyer in the meat trade. Those that find a market through the live weight system, either for the meat trade or for private contract will only account for perhaps 5,000 to

15,000 animals. It is difficult to be precise as no data of regional origin is collated.

3.11 Organic Production

There are a relatively small number of organic producers in Dumfries and Galloway when compared with the overwhelming majority of conventional producers, however they are important nonetheless as they contribute to a growing demand from the public. The Scottish Agricultural College Market Link Project collects and collates monthly statistics for finished cattle and sheep throughout Scotland and is able to define the production, which comes from the DG Postcode.

From their survey work for the year ending in June 2005, a total of 4,801 organic cattle and 79,286 lambs were finished throughout Scotland. The contribution made by Dumfries and Galloway to this total was 750 and 11,261 respectively, approximately 15% of all Scottish organic finished cattle and 14% of all Scottish organic finished lamb, respectively. In the context of all stock available for human consumption in Dumfries and Galloway this is small at 0.5% for cattle and 2% for lamb respectively, which is to be expected given previous comments. Nevertheless, it is important to realise that these organic animals, along with the livestock from smaller holdings, most definitely require a local slaughter and processing chains to add value. By corollary, that same local food processing chain itself is now in an exposed position because, having lost so much large-scale produce that goes out of the region 'on the hoof' as store it now, more than ever, needs those local 'added value' producer 'customers' to maintain viable businesses.

3.12 Local Producers 'Adding Value'

There are a small number of what are sometimes described as 'specialist producers' in Dumfries and Galloway, some organic, some conventional. This word 'specialist' itself reflects the perilous state of the traditional local supply chain, because it is simply an attempt to describe livestock farmers who are still involved further downstream in the supply chain for red meat, organising the slaughter of animals, the onward processing of meat in various stages and the marketing of meat and meat products to a variety of commercial and domestic customers. These traditional, 'added value' operations were, for hundreds of

years, the bedrock of the livestock industry but as they are now merely a 'remnant' they now have the label 'specialist'!

Some discussions have taken place with a number of these during the project and a list of those consulted can be found in the Annex. Taking all this together, a relatively clear picture regarding livestock production in Dumfries and Galloway has emerged from this research, which can be summarised as follows:

- Livestock farming is still predominant in Dumfries and Galloway, at least stable in terms of livestock numbers, if not growing when compared with other regions. The dairy sector, although tending to retract, is still a significant element of this picture and very important.
- The average size of farms tends to be larger when compared with other regions of Scotland and the UK and stock numbers per holding in some cases are significantly above average, although many of these will be the more extensive, less heavily stocked hill farming operations.
- Overall, numbers of D&G beef cows (up 4.8%) and breeding sheep (up 11.2%) has increased consistently in the years since FMD, which indicates a serious intent to continue farming on a large scale. This has not been reflected in the dairy sector with a reduction in milking cows (down 13.7%) as a consequence of depressed milk prices and the high capital costs associated with the sector.
- The region produces a significant quantity of Scotland's stock as store and prime animals, likely to be in the region of 283,000 cattle and 698,000 sheep each year.
- The majority of stock leaves the region as a 'store' rather than as a finished animal to the abattoir. This follows traditional farming patterns of the region, which are grounded in the common sense use of the land, the resources to hand and conditions over time.
- The majority of the other, still significant proportion of animals, those drawn as prime stock, are now overwhelmingly taken as deadweight under

contract for multiples and supermarkets; likewise animals drawn as stores for finishing elsewhere.

- 'Beneath the radar' of these overall statistics the organic sector is a small but important 'niche' component of the supply chain and growing demand for organic cattle and lamb continues to outstrip local supply.
- There are a range of 'added value' producers scattered throughout Dumfries and, Galloway and, although in terms of the overall farming and food economy of the region, this group is small, in terms of the diversity of food produced, they represent a vital link between local farming, landscape, tourism, rural employment, food and 'economic well-being' and so are extremely important.
- Both these niche production sectors, usually represented by smaller-scale producers, are dependent on the continued existence of a local chain for slaughter, processing and onward retail, particularly to local public and other local markets.

4. Primestock to Meat from Dumfries & Galloway

There are now only two facilities in Dumfries and Galloway capable of slaughtering and cutting cattle and sheep. These are dealt with in more detail in the next section of the report. However, what is important is the fact that, as a result, the overwhelming majority of cattle and sheep now leave the region alive, rather than as meat, either as store or prime animals, as previously discussed. Significantly, for the local economy, stock that leaves the region alive always takes with it any opportunity to add any further value downstream in the local supply chain or rebuild the reputation of the region.

Quantitative data which might indicate where this stock travels, which abattoirs procure and how and, ultimately, which end customers utilise the meat is not available. As previously mentioned, there is no data collected which can tell us the route to market of stock drawn from a particular region. The MLC, as part of this consultancy, has collated statistics from a range of medium/large plants throughout the UK, who are likely to procure stock from Dumfries and Galloway as well as other parts of the UK. A breakdown of these can be found in the Annexe.

Abattoirs can be broadly broken down into three main sizes; small is licensed each year to slaughter between 1,000 and 5,000 EU livestock units; medium is licensed to slaughter between 5,000 and 30,000 units; large is licensed to slaughter 30,000 plus.

From the anecdotal evidence provided by the MLC, it is clear that there are a range of medium/large abattoirs in Scotland, England and Wales who are regularly procuring either prime stock directly from Dumfries and Galloway or stores to be finished elsewhere for this trade. In the main, the larger plants can be regarded as 'dedicated' to supply the multiples (supermarkets) or significant wholesale/food service companies. They are therefore specialised, large volume plants, which produce a similar style of product to meet a very particular demand. However, despite the fact the D&G remains a major supplier of the stock for these markets there is, in fact, no such plant within the region.

Among the mainly medium sized plants, a number are classed as 'traditional' by the MLC, dealing as they do with retail butchers, food service companies, wholesale processors and perhaps, in some cases, some private slaughter. The MLC cannot identify any single major customer for these plants.

Abattoirs at a significant distance from the region will procure both cattle and sheep, this is the result of many large plants requiring considerable numbers of animals on a constant basis to keep pace with demand and to ensure that their facilities and labour are utilised. As previously mentioned, stock will end up at plants throughout the UK, not just those in Scotland. There is only anecdotal evidence to suggest routes to market. As one small example, SAC confirmed that approximately 70% of organic lamb in Scotland is either procured by Oriel Jones in Wales or McIntosh Donald. Both supply the multiples and are dedicated plants, the latter supplies Tesco.

5. Facilities for Slaughter and Meat Cutting in Dumfries & Galloway

The continuing national trend towards plant closures have left only two active abattoirs remaining in the region, one in Lockerbie, the other in Annan. The latter, operated as G D Vivers, could be considered as a medium-scale plant, dedicated to lamb procured and slaughtered for the export trade and operating solely for that market, which is very specialised and based upon highly developed commercial relationships. It is therefore an 'exemplar' success story for the region in terms of local control of a market and retention of a good proportion of the value. The plant operates on a seasonal basis, this seasonality matched to the main crop of lamb from the region and beyond. When this crop is not available the plant is effectively moth-balled and not operational. As a result this plant is not available for smaller scale producers wishing to explore how they can enhance their business through diversification and 'added value'.

The abattoir in Lockerbie, operating as Taylor's, is a multi-species plant and operates for both conventional and organic systems. It is also relatively small, staffed by four people and kills on a regular weekly basis, both on behalf of the owner and under contract for a wide range of customers. It therefore a model of a traditional, localised plant which offers a wide range of services to a dependent customer base and without which the D&G region will no longer have the capacity to "add value" to a primary product output and export of it's rural economy, namely, livestock.

The difficulty for the plant, in common with many abattoirs of a similar size and age throughout the UK, is its relative age, location, ability to expand and the capital investment required to keep pace with regulations. The plant, in terms of its equipment and construction, has to constantly battle to keep operational through good management, clever engineering and the constant installation of second hand equipment to plug the gaps caused by 'wear and tear' and breakdown of relatively old equipment.

Its location at the centre of the market town of Lockerbie is one that was commonplace when livestock was at the very centre of the rural economy of the 'market town'. Many of these sites elsewhere are now occupied by retail sites

and often by supermarkets. Although still very important, livestock would probably not be uppermost in the minds of many Lockerbie residents if you were to ask them to identify the drivers for growth in their economy. It is more likely to be inward investment, office space and Broadband access.

The abattoir industry has also felt the brunt of a raft of EU and UK legislation, which many in the industry regard as overly bureaucratic and extremely burdensome. This legislation revolves around the identification of animals and their derivative parts, both for human consumption and disposal as risk material. The requirement for regulation can be traced back to BSE in cattle, Scrapie in sheep, Classical Swine Fever in pigs and FMD in all three species. In addition, a further set of regulation concerns the safety of meat and its identification in the human food chain. In the public mind it is not difficult to justify any form of regulation concerning food safety, however many in the industry would argue that the level of regulation is unwarranted on these grounds.

The plant, which is owned, managed and operated by Bryce Taylor is however, undertaking a development to add a new boning plant on the site. The plant does not currently have a co-located boning plant and a further set of regulations concerning OTMS (Over Thirty Month Scheme) cattle spinal material and bone would threaten the plant if this facility is not built. OTMS cattle have to have this material removed before they can enter the food chain. This is an example of a business opportunity, in this case the ability to allow cow beef into the food chain, demanding extra capital investment to satisfy new regulations.

A further threat, which may be imposed in the UK by the EU, is that the vertebral column may need to be removed from cattle at 24 months, forcing all cattle to be slaughtered at this age or younger. This boning plant will also be able to cope with this regulation. This may also have unwarranted consequences for traditional breeds of cattle, which take longer to mature and force their slaughter prior to maturity and/or at uneconomic weights.

The current owner, who is 57, seems to have no obvious succession to continue the business in the long term beyond his tenure. Although he has not confirmed this, the future of the plant could be regarded as in some doubt, even in the medium term (say beyond five to seven years) as Mr Taylor might either close the plant and/or sell the site at the point of his chosen retirement or when he no

longer wishes to be involved on a day to day basis. The effect of this closure, on that part of the local production sector that already endeavours to or is considering 'adding value' to the primary meat product locally, would be catastrophic. As previously mentioned, this is the only plant in the region which will consider slaughter and cutting services on a contract basis. Not only that, it also operates services on an organic and conventional basis and across all three species, cattle, sheep and pigs. It is the only facility of its type in the region.

Economic and welfare considerations dictate that animals should travel the least distance possible to slaughter. The further animals travel, the more costs are incurred particularly in terms of fuel costs and labour, which can quickly make the journey uneconomic. In addition, travelling animals causes a loss of condition and the stress of movement and handling will always have a bearing on the quality of the meat following slaughter. Distance and time also separate the animal and producer from the provenance of local, well reared and welfare friendly – all terribly important when marketing these products. There is also an important animal welfare/economic issue to consider as Lockerbie as a local plant is still able to take injured animals off farm and following slaughter allow such meat to enter the food chain. The other option open to farmers is to have the animal put down on-farm and pay for its disposal.

The only other plant in the region was that in Castle Douglas, latterly owned by Buccleuch Meats, which was uneconomic based on its site, staffing requirement and capital investment required, so closed in September 2004. The regional effect of this was immediate and severe, as Wallets Mart procured 8000/9000 cattle per annum for Buccleuch from South West Scotland and only about 10% of this has been retained by the mart (possibly implying that the remainder is no longer even sourced from within the region).

From all this work a number of further fundamental conclusions that pertain to the objectives of this consultancy can be drawn. The broad conclusions from interviews conducted across the meat supply chain, including those operators described above and the auction market in Castle Douglas can be summarised as:

- It was correct at the outset to focus this study on beef and lamb, as dominant primary production commodities produced with the D&G rural economy. However, the scale of production from collected data (SERRAD

and MLC) confirmed that numbers far, far outweigh the scope for selling within the D&G local market (publicly procured and commercial combined). This is not entirely surprising given the high numbers of animals and low numbers of people in the region!

- Recent trends in the livestock and meat retail industries have resulted in the overwhelming proportion of animals now being exported beyond D&G, on the hoof either as stores or prime, foregoing potential profits, business opportunities and jobs which could be retained in D&G.
- Either by default, decline in capacity or lack of know-how/interest the local food chain cannot any longer respond to any significant increase in local added-value slaughter and processing of appropriately finished animals at present.
- Beyond the known slaughterhouses and various small cutting plants the local D&G food chain for red meat is dangerously weak. Any added-value/niche/profitable smaller producers and medium prime producers, beyond those that already exist but who may wish to enter these growing markets, likely to be discouraged because of the current ceiling on slaughter and processing capacity.
- Lack of slaughter and/or cutting and packing facilities will continue to limit potential markets in and beyond D&G, including both public procurement and potential commercial outlets (catering, tourism, ABC).
- Local, possibly farmer-owned/controlled slaughter and/or cutting and packing facilities, could add value, retain profit and open new markets for 'local D&G meat' but these markets need to be scoped and promoted aggressively and imaginatively, building out from any 'Savour the Flavour' retail end data and activities.
- Within the medium term, one of the vital components required by the expanding local food chain or direct-sales operations of farmers in D&G, namely accessible slaughtering facilities, could well be missing from the whole D&G region.
- The majority of good prime stock in D&G already goes out 'on the hoof', via contracts with large abattoirs and this leaves the balance, some of which is marginal, difficult to sell stock to go out via local/regional auction marts.
- For generations the region has been and still remains one of the most productive stock rearing areas for beef and lamb in the UK, supplying tens of thousands of store, breeding and prime animals for slaughter for UK

consumption and for export. Therefore it is particularly and increasingly susceptible to any significant change in purchasing patterns by the major multiples who increasingly dominate the sector.

- As confirmed by the auction mart sector and our research in the region, 60-70% of prime stock now leaves under contract to major abattoirs in other parts of the UK. Obviously, once these animals leave the region as 'live' stock any further opportunity for the region to benefit from adding value is lost. A relatively small proportion, particularly of cattle, is retained in the region to be killed and processed for the wholesale, retail trade and niche producers.
- The impact on the meat and livestock industry in D&G and the SW region, of increasing imports from low-cost, extensive-system producer countries overseas, such as Argentina, Brazil and Australia which have captured over twenty percent of the UK's supermarket trade in just the past two years alone, is particularly significant and growing. Indeed with most of the procurement of cattle and sheep for the meat trade above now sourced directly from the larger farms under contract, with tight deadweight specification controlled by the dedicated abattoir sector serving the multiple retailers and catering/food service sectors, D&G's meat sector is now effectively in the hands of powerful commercial interest from well beyond its borders.
- The overall status of the abattoir and processing facilities in the region, available to the added-value food sector, farm and niche producers is already extremely fragile and with one closure would 'go critical'! Whereas this situation has to be viewed in the context of an overall over-supply of abattoir capacity in the UK, it is the 'type' of capacity and the critical function it still plays within the region in providing the last means to add value to the whole local meat chain that should be noted.

In short the famous one-liner could be said to apply to Dumfries & Galloway's local meat chain, *'you won't miss us until we're missing'*.

It was therefore decided by the steering group and the consultants that there was evidence of a strong case to act now, at least to the extent of conducting a pre-feasibility assessment of the likely costs involved in a greenfield investment in the 'minimum and necessary' slaughtering and/or cutting and processing facilities required to secure some kind of future so that the remaining, vital components of

the local supply chain for D&G's hitherto reputed local livestock industry can continue intact. Such an investment could serve those remaining parts of the local livestock production industry who had recognised that their best hope for survival and a sustainable future lay in promoting D&G locally produced, added value produce, which shows every sign of being a growing market, in parallel to other equivalent local markets throughout the UK, who are not even blessed with such favourable production conditions and reputation.

To not pursue such a strategy would be tantamount to, at best, neglecting and, arguably, abandoning D&G's small, but relatively significant, local, 'added value' production sector, serving the growing niche market for 'quality' home and export consumption and simply accepting as a market 'fait accompli' that there was no place for these farmers and processors in the face of accelerating trends towards major producers supplying ever more distant supermarket food chains. Moreover, this would mean, in effect, being resigned to the negative, 'knock-on effects' and implications for D&G's local food, landscape, heritage, tourism and rural employment sectors.

The work to explore the need for and potential cost of core facilities to secure this local food chain was therefore commissioned towards the end of the consultancy and the results are summarised next.

6. Opportunities to Enhance the Red Meat Supply Chain in Dumfries & Galloway

The abattoir industry is complex, very capital intensive, burdened with regulation and to many people, not the most attractive business to consider as a career. It is however an essential aspect of our meat food chain infrastructure, which is in turn, connected inextricably with the social, economic, animal welfare and landscape wellbeing of our rural areas. Given the rural profile of Dumfries and Galloway and its predominance in livestock farming, the state and health of this sector attracts the attention of policy makers, the farming community and the public at large in the region but will that extend to investment to support it?

There has been a general decline in the sector over the years, from a situation where there were many small abattoirs dotted around the UK, to a situation where there are strategic large and medium sized dedicated plants but relatively few small plants such as Lockerbie. Very often, due to their location close to town centres, small abattoir sites fetch a premium as land for commercial or residential development and private owners or local authority owners find it difficult to justify staying open. The costs of opening a new abattoir site, particularly the initial investment can easily be dismissed as 'prohibitive', so the sale of such a site heralds the complete closure of the facility, the exit of skills from the industry and continued decline of the sector, without any attempt to quantify the real costs relative to the 'lost opportunity', lost skills, lost local/regional 'food security', cost to the environment and cost in unemployment benefit.

6.1 Maintaining the Existing Infrastructure

It is obvious that keeping hold of the existing food chain infrastructure, including slaughter, cutting and processing is easier than creating new facilities, particularly when they hold skills, experience and business contacts, gained over many years. As Mr Taylor ruefully commented; "they will only miss me when I am gone". He is referring to the producers who currently rely upon the plant for the slaughter and processing of their stock. Should such a facility be lost it is those who are working to develop local products or others who are trying to develop the D&G tourism sector around local produce and its links to local landscape, local lifestyle and local foods, who will also find that 'something else is missing', as the

producers themselves and the landscape and heritage they maintain will then be under threat. These two operations therefore represent a significant asset to the region for reasons already discussed. Every encouragement needs to be given in terms of business support and policy imperative to keep them operational and to continue in the future. We have made two short visits to the Lockerbie plant during this work and established that further investment is under consideration, which is encouraging. However, as previously described, this is partly in response to impending regulation, which threatens rather than encourages.

6.2 A New Abattoir and Cutting Plant

There is a great deal of talk surrounding the use and availability of facilities which allow primary producers to exploit the food chain. Meanwhile, many of these are actually closing, for reasons already discussed. In the event, particularly of Lockerbie closing, one option would be for a new, purpose-built plant to be constructed. The costs concerned with this would be considerable and it would entail a significant and lengthy project to bring such a facility to fruition. As part of their work we asked the MLC to provide a template and cost of a small multi-species abattoir and cutting plant, which would be capable of servicing a potential red meat food chain such as Dumfries and Galloway. As with all such estimates there are always a number of unknown factors and the costs can only be approximately estimated within the scope of this study.

The template for this type of plant can be found in the Annexe and the MLC estimate that the cost of construction would be in the region of £0.5m. If the cost of land, professional fees and equipment are added then a budget of £1.5m would be likely. This is confirmed by our own work, as AWC has actually project-managed the construction and commissioning of a new multi-species abattoir and cutting plant in the Yorkshire Dales, which aims to fulfil just such a purpose. This abattoir and cutting plant cost in the region of £1.2m in 2002 and is now operating 4/5 days each week for a range of customers, organic and conventional. The project, part financed privately, was supported with funding from DEFRA, the National Park, the County Council and range of other NGO's and Charities.

6.3 A Cutting Plant

The opportunity exists for a collaborative cutting plant, which might feasibly work alongside existing infrastructure or other abattoir facilities within reach. This is

an interesting option and a template already exists in Cumbria, close by the motorway in the south of the County. Junction 38 is a collaboration of 50+ farmers designed to enhance farm profits. A summary of the plant can be found in the Annex. In terms of Dumfries and Galloway, there is no reason why such a plant could not thrive and prosper if it were to receive the support of enough primary producers, processors and the public sector.

6.4 Collaboration for abattoir services outside D&G

In the event that local infrastructure ceases to be available, one option that could be considered is access to facilities further afield, which producers might use in a collaborative manner, i.e. operating a collection centre principle, sharing transport costs, negotiating for killing/cutting together and then returning primals for cutting locally.

The difficulty with this is the relative distance of facilities from differing parts of Dumfries and Galloway and the licensing and capability of each. The MLC has suggested a number of small/medium sized plants outside the region that could perhaps be used and these include:

West Scottish Lamb – Carlisle, Scottish Border Abattoir – Galashiels, McIntyre Meats – Hawes, Whitley Bay Abattoir – Newcastle, Coast and County – Newcastle, J&D Graham – Wigton, Airey – Grange over Sands.

As can be seen from this list, a number of these are at considerable distance, even from the Cumbria/Dumfries border. In addition, some of these abattoirs are not multi-species and cannot slaughter organic animals, which defeats the object of wide collaboration. This indicates the extreme difficulty that this type of arrangement will entail and reinforces our view that the region must concentrate on serving its own needs, maintaining its own sustainable food chain and promoting its regional identity and reputation for quality meat production.

7. Next Steps

There are a number of options, which can be considered as the next natural step, as a result of the issues explored by this project. Our recommendation is that the Steering Group consider these options, agree with us the way forward and formulate an Action Plan to be presented to those who funded this work for their consideration.

7.1 Do Nothing

The most obvious, least radical and easiest plan is actually to do nothing. If this course is chosen or as a result of inaction occurs anyway, the likely prediction is that in the medium term the region will cease to have a viable red meat processing infrastructure of its own. To the majority of the public this would go virtually unnoticed and to many would not seem to matter.

The reality is somewhat different. The lack of facilities means that existing specialist and organic producers that wish to continue to trade in regional food, perhaps rearing slow-growing, traditional breeds, will find their own survival in serious jeopardy. There is no way to put an economic cost on such an outcome, let alone the social and environmental costs, as no consolidated data of activity exists. The relatively small numbers of these producers represent the bedrock for a potential resurgence in the food culture and rural tradition of D&G, which without support will be lost to the region. In addition, if facilities do not exist it is virtually impossible for new producers to enter the market – the costs and difficulty of entry would be just too high.

Of course doing nothing is a self fulfilling prophecy. The animals that are reared as stores or prime stock will find a market anyway – they have to, because when they are ready they have to be sold. It is worth bearing in mind that up to the point that the Castle Douglas facility closed, approximately 8,000 to 9,000 animals were procured by Wallets for the plant. This has now reduced to perhaps 10% of this peak. It is highly likely that the same number of animals is being reared they are simply finding another outlet. The point in all this is that the benefit is being exported from the region, rather than retained, further undermining the profitability of those remaining producers.

Examples of action to prevent this situation worsening can be found all over the UK, many in the North of England, which have great similarities with Dumfries and Galloway. A number of these examples (see Annexe) such as the McIntyre Abattoir at Hawes, Junction 38 at Tebay and Yorkshire Beef, are the result of entrepreneurial flair in the face of cynicism and doubt. Doing nothing is not a course we recommend.

7.2 Supporting the Current Infrastructure

The next option is to consider how best to ensure that the existing infrastructure is maintained and enhanced for the benefit of local producers and the local food economy, present and future. Obviously, both of the main plants are in private hands and as such they may be unwilling to be involved, but this should not deter a process of engagement taking place.

7.3 A New Abattoir

This is certainly the most difficult and challenging option, but it can be done – we have worked with a client that has done it. It is expensive, requires wide collaboration, firm support of cash and will from the public sector and some luck and good timing. Templates for straightforward, multi-species abattoir exist and the MLC has provided a sample, which can be found in the Annexe. One option is to consider cross-regional facilities perhaps encompassing Cumbria and the Borders region.

7.4 A New Cutting Plant

Again, this has been done and a number are opening across the UK. Anecdotal evidence suggests that, within the design/build profession serving the red meat industry, most activity is in this sector. Certainly a cutting plant would require a smaller investment and might fit very well alongside existing abattoir operations – again the Tebay example shows the added-value option of cutting/packing and marketing of meat products and collaborating with an existing abattoir, but this investment option itself might well be threatened if the remaining local slaughterhouses serving this 'added value' client base were to close.

7.5 The Case for 'Joined Up' Action

Recognising and facing up to uncomfortable facts, trends and their potential

outcomes is never easy. Understanding that processes are in train that actually threaten D&G's local food chain and the very rural economy and local landscape identity and heritage it supports is not easy. Recognising and facing up to the fact that quite insidious processes over three decades have now brought the situation to some kind of crisis is never easy. Making choices and taking positive action that requires innovative and challenging thinking is never easy. Processes involving mobilising both the public and private sector are never easy.

Persuading all the parties in the local supply chain – primary producers, the abattoirs, local processors etc, to consider collaborative working and the costs involved will never be easy. Enabling 'joined up policies' to be translated into 'joined up action' by the respective agencies involved in public procurement, tourism, landscape marketing, education, employment creation and rural investment will certainly not be easy.

But challenging all involved parties to come together, will, at the very least, establish to what degree the public and commercial sectors are willing or able to support such a development. Given the powerful rhetoric in a number of Scottish Executive reports quoted at the start of this document, that local food supply is important, increasing Co2 emissions are an increasingly major concern and D&G's rural economy clearly deserves and needs investment, it would be right to assume that 'the time is right' to now explore how best to translate 'words on paper' into 'action on the ground' – necessary, arguably imperative – but never easy!

8. Annexes

MLC Report on D&G Livestock and Red Meat Sector

Supplementary MLC Report on livestock markets and abattoirs

Multi-Species Abattoir/Cutting Plant Template

Diagrams of local food chain links

List of Consultees

Examples of Red Meat Development Elsewhere:

McIntyre Abattoir, Hawes, North Yorkshire

Junction 38 Cutting Plant, Tebay, Cumbria

Yorkshire Beef, Bedale, North Yorkshire