

**Cornwall & the Isles of Scilly**

**Farming, Fisheries & Food  
Insights Report**

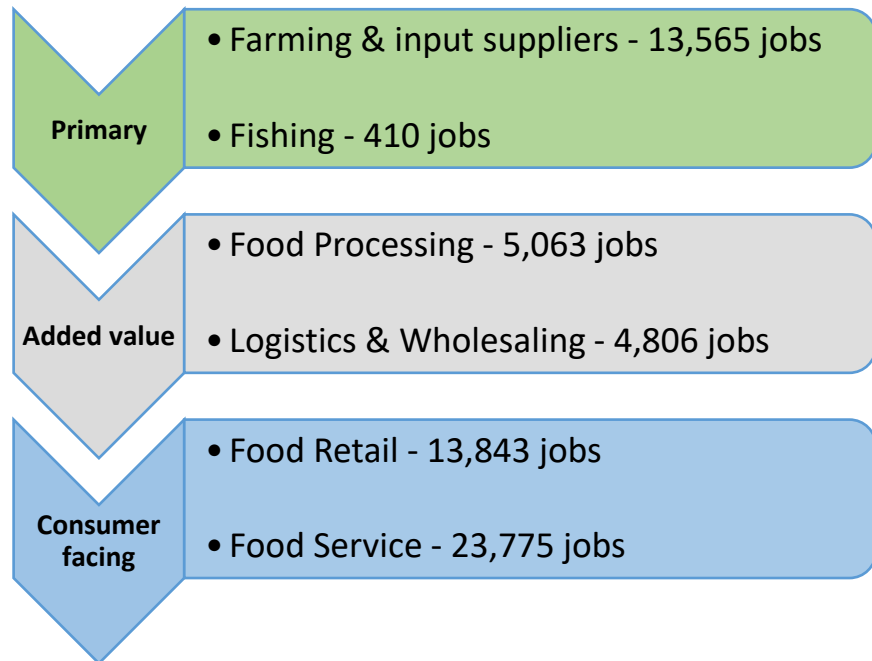
**Executive Summary**

**March 2024**

## The Food & Drink Supply Chain in Cornwall & Isles of Scilly

The Cornwall and Isles of Scilly food chain includes businesses engaged in primary production (on farms and in fishing), added value food and drink processing, marketing, logistics and consumer facing food retail and food service.

This means the whole chain supports more than 5 times the number of jobs employed by farms and the fishing fleet.

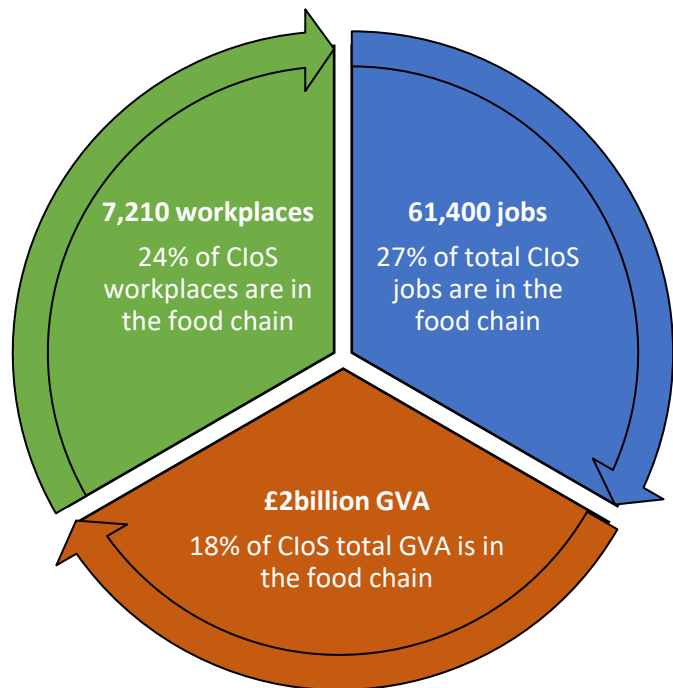


## The Agri-food Sector's Role in the Economy

The agri-food sector is critical to the Cornwall and Isles of Scilly economy, representing 18% of the GVA, 24% of workplaces and 27% of all jobs.

Whilst the food chain was impacted by Covid, particularly hospitality, it has bounced back strongly and the downturn in agriculture and food processing was the shortest of any major sector.

The industry has been very resilient, continued to invest and the demand for UK sourced products is increasing.



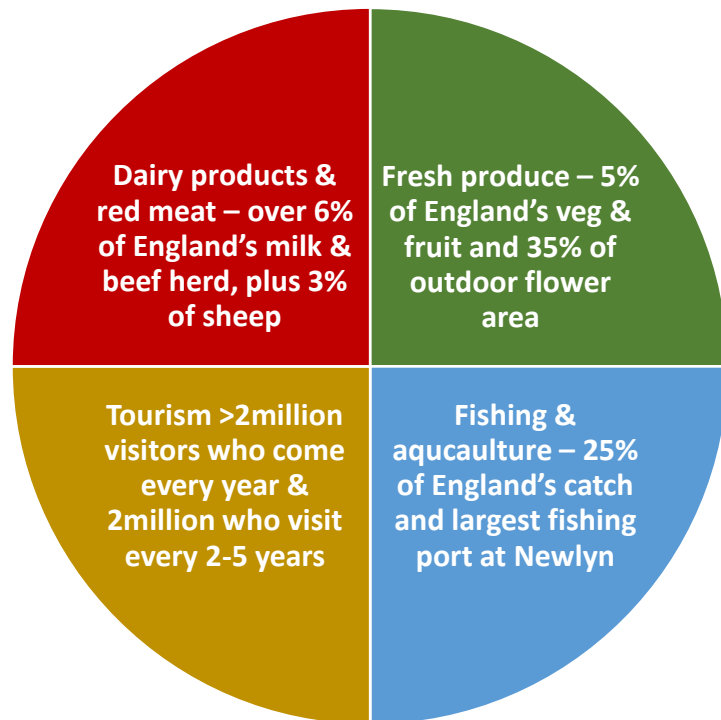
Cornwall and the Isles of Scilly agri-food sector is very well placed to exploit the growth potential in the industry, through focusing on its specialities and wider market and environmental trends.

Whilst many food retail and catering jobs would exist without local food production, Cornwall and the Isles of Scilly's strong local food production means more value is captured in the local economy and creates a UK leading food tourism destination. This in turn supports a virtuous circle of growth, ultimately benefitting the food industry, food retailers and the hospitality sector.

## Cornwall & Isles of Scilly specialities with UK market leading position

CloS has UK leading sub-sectors of the agrifood industry in multiple sectors of the economy, including livestock, intensive crops and fisheries.

The industry is also a foundation for Cornwall and the Isles of Scilly's other largest employer, the tourism sector. Over 25% of tourism spend is on food and drink and distinctive local products can help drive season extension to create year-round economic impact.



## Major Opportunity for Growth & Market Development

The CloS sector has major opportunities for growth by responding to:

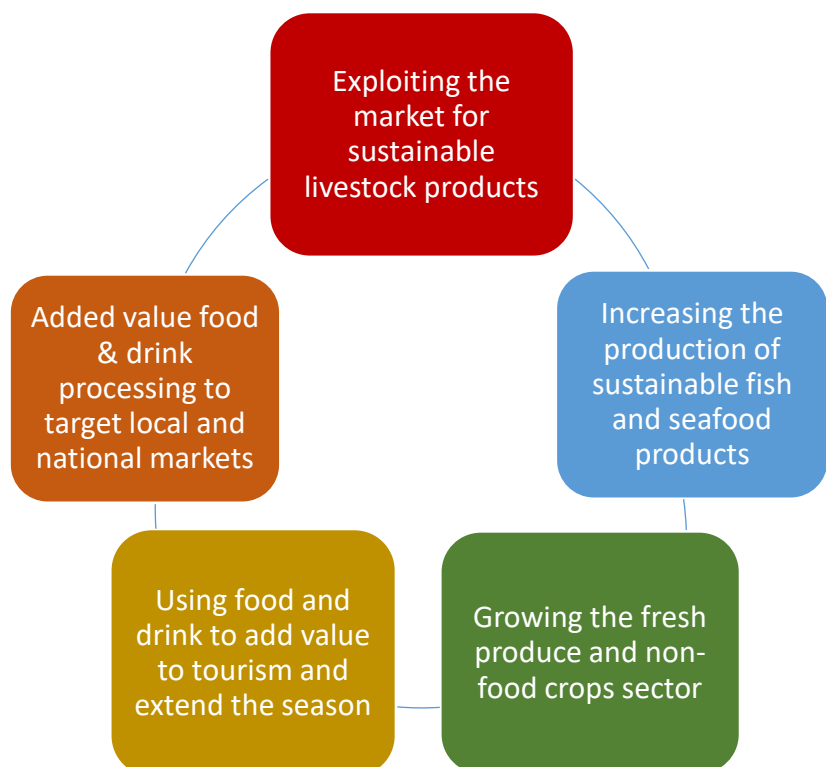
- Market trends
- Climate Change

... building on:

- CloS specialities
- Cluster scale

... and delivering:

- Economic gains
- Environmental progress
- & community benefits



## Supporting Growth and Sector Development

In the past sector development programmes have tended to focus on jobs growth and only focused on supporting start-ups, micro and smaller businesses. This needs to change in two ways:

- The agri-food industry is like every industry struggling to secure more staff and this is unlikely to change. The key focus thus needs to shift to increasing productivity per worker, so the sector can grow and businesses can develop without more staff. Increased investment in higher productivity premises and equipment, skills and innovation is essential to future success.
- The largest 33 food chain businesses in the CloS agri-food sector employ 34% of the agrifood workforce. These businesses, including their local suppliers, are thought to represent over 50% of the industry’s output. It is vital to support large local, national and international businesses to invest in CloS as well as continuing to support SMEs - whilst recognising that the needs of large businesses and start-ups or micro businesses are often different.

The public and academic sector must focus on facilitating growth and productivity across the sector, supporting all businesses, large and small, that make for a thriving food chain. This can be delivered by: creating the confidence for businesses to invest; focusing on industry sub-sectors with the most potential and addressing their barriers to investment; and, getting the offer right for all businesses.



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## Supporting Growth of the Industry

The future strategy for CloS agrifood sector should focus on 5 sub-sectors of the industry which provide the best opportunities for growth and development:

- **Exploiting the market for sustainable livestock products** – CloS has a progressive red meat and dairy sector, some of the UK's best grazing and is leading innovation on lower carbon emissions. It can grow through being the most sustainable grazed livestock sector in the UK.
- **Increasing the production of sustainable fish and seafood products** – CloS has over 25% of the catch, with sector leading sustainability from small boats, a wide range of species and rich seas. Ensuring the quota system works for small and medium sized boats, adding value to the catch and recruitment of the next generation can secure its role as England's premier fishing fleet.
- **Growing the fresh produce and non-food crops sector** – the UK international supplies of fresh produce are under pressure, creating opportunities for CloS to build on this established sector to grow its capacity to deliver healthy and low carbon foods e.g. by using geothermal energy.
- **Using food and drink to add value to tourism and extend the season** – food, drink and the tourism sector have a strong symbiotic relationship in CloS, with tourists able to 'eat the view' by consuming food from its pastures and fishing communities. There is potential to build on this to extend the season, selling more local products to tourists in CloS and once they return home.
- **Added value food & drink processing to target local and national markets** – for every £1 of GVA in agriculture or fishing, there is a further £4-5 in processing, marketing and logistics. CloS could invest in more processing capacity to capture this full economic value in the local economy.

..... and to support these with five investment themes to help the industry realise its ambitions:

- **Business support services for the industry** – a single, co-ordinated and long-term business support offer would help agri-food business establish and scale, benefitting the economy, business growth and development and the community.
- **Investing in added value food chains** – increasing investment in facilities for collaborative and single business food and drink processing and marketing will benefit the whole sector by helping smaller businesses embrace the full consumer value of their products.
- **Investing in innovation and skills** – the agri-food industry needs a step change in productivity. This requires more investment in skills and innovation, to close the skills gaps in food processing, agriculture and fisheries, alongside delivering a stronger local innovation culture.
- **Infrastructure for a globally competitive food chain** – business growth and development needs an enabling planning system facilitating businesses of all sizes to grow and invest, alongside investment in infrastructure including roads, renewable energy, water and digital networks.
- **Delivering sustainable, low carbon food production systems** – low carbon transition requires knowledge, investment and supply chain collaboration. Facilitating this will accelerate the delivery of Cornwall's net zero ambitions by leading UK low carbon food chain development.

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## Background

This report was developed to inform the new Growth Strategy for Cornwall and the Isles of Scilly and is intended to provide insights into the agri-food and fisheries industry today, as well as the factors which will influence its future sustainable growth. As part of the process to develop the report 75 businesses, organisations and individuals were interviewed, attended online workshops or face to face meetings, helping to inform the findings and recommendations.

Consultees reported that the agri-food sector is changing at its fastest pace in 50 years, with major changes in the last 5 years from a wide range of events and long-term challenges, including:

- Brexit and its impacts on agricultural, fisheries, labour and trade policies. Of particular concern to many parts of the industry was the need for future farming and fisheries policy to maintain a critical mass of food production so that supply chain infrastructure, such as abattoirs or food processing sites, can be sustained and attract future investment.
- The Covid pandemic and the market disruption this led to, including changes in food and drink distribution patterns, the subsequent short term 'staycation' boom and a shortage of workers.
- The War in Ukraine and its subsequent impact on inflation and then in turn, along with a post Covid bounce in the economy, a large rise in interest rates.
- Climate change, more frequent extreme weather events and the longer term imperative to decarbonise the economy, with Cornwall and the Isles of Scilly looking to lead this process.
- The link between health and diet which has been rising in importance, with growing impacts on food policy and consumer purchase decisions.
- Technology and working pattern changes, driven by the development of new technologies, the Covid pandemic and constraints on workforce supply which are impacting every industry.

Whilst acknowledging that rapid change is unsettling, consultees felt the sector had responded with great resilience to these challenges. This translates into a quiet confidence that there is an opportunity for growth and development in the Cornwall and Isles of Scilly agrifood sector.

Consultees think Cornwall and the Isles of Scilly are well placed to deliver on these sector wide trends including growing interest in UK provenance and sourcing, sustainability and food quality.

The question which remained for most consultees, was not whether their own businesses could thrive, but whether collectively Cornwall and the Isles of Scilly was up for the challenge, and can react fast enough to fully exploit the growth potential they feel the industry has. They recognised this will require change both by business but also in how the public sector supports the industry.

Consultees felt that to achieve the industry's full potential there is a need for a long-term pro-growth vision, developed and agreed collaboratively by the food industry, the public and academic sectors to support industry investment. With a clear vision and commitment to work collaboratively to deliver it, businesses believe there is a bright future for the sector.