

Making Provenance Pay:
The Local Food Challenge in
Shetland

by
Kevin Morgan and Adrian Morley

School of City and Regional Planning
Cardiff University

2007

Contents

1. The Local Food Revolution	1
Three Planet Living: Why the Conventional Food Chain is Unsustainable	1
One Planet Living: The Rise of Local Food Chains	4
2. Food Production in the Shetland Islands	12
Shetland Food in a Historical Perspective	12
The Shetland Food Sector Today	13
3. Business-as-Usual: The Commodity Treadmill	22
Downward Trajectories for Shetland Food	22
Chasing Commodity Markets: the Treadmill Illusion	24
Lack of Strategic Direction and Cooperation	26
4. Tapping the Potential: The Green Island	28
More Effective Food Chain Partnerships	28
More Provenance-Focused Product Strategies	30
More Local Processing Infrastructure	32
More Sustainable Public Procurement Policies	33
More Targeted Market-Making Strategies	35
Looking Ahead: The Agents and Prospects for Change	37
References	39

1. The Local Food Revolution

A quiet revolution is underway in the UK. The unassuming agents of this revolution come from many walks of life and they can be found all over the country. They are *consumers* who are becoming ever more conscious of provenance - that is how and where their food is produced. They are *producers* who want to work with, rather than against, nature and her seasons. They are *campaigners* who want to reform the conventional food chain to render it more sustainable. They are *parents* who are not prepared to tolerate junk food in school canteens. They are the *relatives* of patients who are shocked by the absence of nutritious food in hospitals. They are also ecologically-minded *entrepreneurs* who believe that a new food culture is emerging and they want to tap the commercial opportunities of a more discerning, quality-conscious market.

Whatever their motives, these are the people who are fuelling the demand for locally-produced, quality food in the UK and collectively they are becoming a force to be reckoned with. Once thought to be a cranky and idiosyncratic niche, the local food sector is now attracting the attention of the conventional food industry, especially the supermarkets, which have belatedly recognised the growth prospects of a sector it either ignored or dismissed. What one thinks of this revolution depends on which story one believes about the post-war development of agriculture.

According to the conventional story, the history of agriculture is a phenomenal success story, not least because it has generated a ready supply of cheap food that is accessible to, and affordable by, the vast majority of people in the (western) world. Certainly on the conventional metric, a metric that extols quantity over quality in a mass production system designed to reap economies of scale for producers and low prices for consumers, the record does indeed appear to be one success story after another, as food supply becomes progressively 'liberated' from nature. Agriculture, in this interpretation, is just one 'industry' or 'sector' among others.

A radically different story has emerged in recent years, however, and the theme of this story is impending ecological disaster rather than economic success. This story is based not on the industrial metric of mass production but, rather, on the ecological metric of sustainable development, a metric that invites us to internalize the costs that are externalized in the conventional food system. The externalized costs of the conventional system are most apparent in terms of environmental and healthcare costs, as we shall see. Agriculture, in this interpretation, is unlike any other 'industry' or 'sector' for one fundamental reason - we ingest its output. This means that agriculture cannot be treated as just another 'industry' alongside the steel or software engineering industries for example. On the contrary, agriculture is exceptional. It has a special status because of the link between food and health, a link that will assume more and more significance in the minds of consumers in the future.

Three Planet Living: Why the Conventional Food Chain is Unsustainable

One of the most important political speeches on the future of agriculture in the UK was delivered at the Royal Agricultural Show in 2006, when David Miliband, the Secretary of State at Defra, gave a speech that would have been unthinkable for a government minister until recently. 'If you want to encapsulate the challenge and opportunities in a phrase', he said, 'it is "one planet farming". In other words, farming that reflects the need for us to live within the means of the planet, and farming which helps us live within the needs of the planet' (Miliband, 2006). The minister was trying to highlight the

fact that the conventional food chain - all the activities that convey food from farm to fork - is wholly unsustainable in terms of its demands on energy, water and other natural resources. He was drawing on research that found that the UK is living a 'three planet lifestyle'. That is to say, if everyone in the world were to consume natural resources and generate carbon dioxide at the rate we do in the UK, then we'd need three planets to support us. In short, we need to cut our ecological footprint by two thirds if we want to build a sustainable future (WWF, 2006). To this end, Miliband concluded his speech by saying:

- 'The future of farming depends on profitable production that lives within the limits of natural resources and, critically, helps others to do so as well
- We need to work up a deal fair for all, based on long term commitments, investment for reform, risk-based regulation, and strong local food chains
- And all this requires a Government which listens and a farming industry ambitious for change'

If the environmental costs of the conventional food chain are becoming ever more apparent, they are not the only costs that need to be considered. Human health is another sphere where the costs of the conventional food system have become unsustainable. The escalating costs of diet-related disease - cancers, coronary heart disease, obesity, and diabetes, for example - are placing intolerable burdens on the NHS, fuelling demands to reduce the amount of fat, sugar and salt in mainstream food and drink products. What many people find truly shocking is that ill-health due to unhealthy diets is some *fifty* times greater than ill-health due to food borne-diseases, which puts the notion of 'cheap' food in perspective (Rayner, 2002).

In addition to human health and the environment, the conventional food chain is also unsustainable in a third sense - the poor economic returns to primary producers in retailer-dominated supply chains. Perhaps the best index of this unfair and unequal relationship is the divergent trends in farmgate and retail prices in the UK, where the asymmetry between producer and retailer is more pronounced than anywhere else in the European Union (Morgan et al, 2006). Producer prices for agricultural foodstuffs decreased by 18% in the years 1999-2005, whereas the retail price of food increased by over 12% during the same period. Compared to 1988, UK farmers are estimated to have received 23% less in 2005 for their contribution to a grocery basket of staple food items (Defra, 2006).

Not surprisingly, the UK grocery market is (once again) under scrutiny from the Competition Commission and (once again) one of the major concerns is the asymmetrical relationship between producers and retailers in the supply chain (Office of Fair Trading, 2006). In an earlier inquiry, more than two dozen buying practices were found to be contrary to the public interest (Competition Commission, 2000). Tony Blair captured the dilemma perfectly when he described farmers being held in an 'armlock' by the supermarkets, a situation his governments have been unable or unwilling to resolve. The plight of the primary producer was acknowledged by David Miliband, when he reminded the supermarkets that 'the concept of fair trade has to start at home' (Miliband, 2006).

If the producer-retailer relationship needs to be put on a more sustainable footing, so too does the producer-consumer relationship. For most consumers the conventional food chain constitutes a vast terra incognita because they know little about how and where food is produced, how it is stored and transported to retailers, and how many food miles it clocked-up getting from farm to fork. The distance between producer and consumer has become so wide that it is debilitating for both parties:

the producer gets little or no direct feedback from the consumer and the latter knows little or nothing about the provenance of the product or the quality of the producer. The Policy Commission on the Future of Farming and Food identified *reconnection* as its central theme exactly because of the urgent need 'to reconnect farming with its market and the rest of the food chain; to reconnect the food chain and the countryside; and to reconnect consumers with what they eat and how it is produced' (Policy Commission, 2002).

Consumers who want to make more informed purchasing decisions have been ill-served by a food labelling system that leaves much to be desired. At best confusing and at worst misleading, the food labelling system in the UK urgently needs to be reformed so that it fosters rather than frustrates consumer understanding. The Food Standards Agency is rightly trying to introduce a 'traffic light' system of labelling that would strike a judicious balance between accuracy on the one hand and accessibility on the other. However, it is regrettable that this system is being undermined by an alliance of retailers and manufacturers seeking to push an alternative system based on Guideline Daily Allowances, a system which is far more difficult for consumers to understand.

At a time when the conventional food chain should be trying to empower the consumer to make better decisions through better labelling, the exact opposite is happening. The most egregious example of this comes from the US, where the Food and Drug Administration recently announced that food produced from cloned cattle, pigs and goats is safe to eat and, because it was ruled to be 'virtually indistinguishable' from conventional livestock, it would not need to be labelled as such. Regulatory decisions of this sort seem certain to fuel consumer mistrust of conventional food labels.

For all its problems, the conventional food chain is not set in aspic. On the contrary it is a more dynamic and responsive system than its critics seem to think, particularly when it comes to sensing new social trends and consumer preferences. The biggest names in the global food chain - Nestle and Unilever in manufacturing, Wal-Mart and Tesco in retailing, McDonald's and Burger King in food service for example - see the moral panic about obesity as offering untapped opportunities for new product development. Health, nutrition and well-being are now thought to offer the best growth prospects for the foreseeable future.

Far from being the preserve of the 'alternative' food chain, the health and well-being market is now targeted by the very same food and drink companies that contributed to the problem of diet-related disease in the first place. In the case of Nestle, the largest food company in the world, 'functional foods' and 'nutraceuticals' (foods with alleged medical benefits) are expected to be the biggest source of growth for the next twenty years. These alleged benefits will allow Nestle to ask its customers to pay 40% more for a product (Morgan et al, 2006).

In short, some parts of the conventional food chain are beginning to ape the features that used to be exclusively associated with the 'alternative' food chain - the sector that specialised in local, seasonal, organic, fair traded and sustainable produce. A good example of this trend in the UK is Marks and Spencer, which recently announced a 100-point plan to enable the company to meet five key targets by 2012: to become carbon neutral; to send no waste to landfill; to extend sustainable sourcing; to set new standards in ethical trading; and to help customers and employees live a healthier lifestyle. Chief executive, Stuart Rose, launched the plan by saying:

'Every business and individual needs to do their bit to tackle the enormous challenges of climate change and waste... We believe a responsible business can be a profitable business. We are calling

this "Plan A" because there is no "Plan B"...We will clearly label the food we import by air; regional and local food sourcing will be a priority and we will trial the use of food waste to power our stores. We will do this without passing on the extra cost to our customers'(Marks and Spencer, 2007)

Not to be outdone in the green stakes, Tesco followed suit by announcing its own radical plan for a low carbon food chain. Terry Leahy, its chief executive, said that Tesco would be the first supermarket in the world to assign a "carbon footprint" to each of its 70,000 products. The idea, said Leahy, is to allow consumers to compare the carbon footprint of a product:

"as you would compare nutrition or price" (Leahy, 2007).

Although the metamorphosis of the conventional food chain can be dismissed as cynical opportunism, or construed as a threat to the 'alternative' food sector, we believe it is largely a positive trend, one that constitutes an opportunity for producers of local and locality food.

One Planet Living: The Rise of Local Food Chains

The commercial prospects of the local food sector are being transformed by a new combination of social, cultural and political forces. In *social* terms, consumers are becoming much more conscious of the link between diet and health and to this end they are much more aware of the benefits of locally-produced food - though of course greater awareness does not automatically translate into greater purchasing of local produce (FSA, 2003).

In *cultural* terms, there is a growing association between products and places, so much so that food and drink are two of the most effective tools through which localities establish their identities *in* (and market themselves *to*) an increasingly homogenised global economy. According to a UK survey conducted by the market research agency BMRB more than half the sample questioned considered food and drink to be one of the three main factors defining their regional identity (NFU, 2006).

The changing *political* context is likely to have the biggest transformative effect on the prospects for the local food sector, and here two aspects merit attention. First and foremost, climate change is moving from the margins to the mainstream of the political agenda in the European Union, where tough targets for carbon dioxide have been proposed under the emissions trading scheme. Although the Bush-led White House has been the biggest single drag on progress, the *federal* level in the US will catch-up with the more climate conscious *state* level following the Democratic victory in November's mid-term elections. The case for a stronger regulatory environment to reduce greenhouse gas emissions will also come from the UN Intergovernmental Panel on Climate Change, which publishes its fourth assessment report in 2007, a report that is likely to strike a more sombre tone than the last assessment in 2001. These global regulatory changes will put increasing pressure on central and local government in the UK, and on businesses, households and individuals too, to reduce their carbon footprints, creating new opportunities to re-localise the food chain.

The other political aspect that merits attention is the fact that the UK has committed itself to becoming a European leader in sustainable public procurement by 2009, and food is one of the priority sectors for this new policy. The Public Sector Food Procurement Initiative, which Defra launched in 2003, was an important step in the right direction, but this initiative needs to be better resourced if it is to reach beyond the islands of good practice in public sector catering. Sustainable public procurement is

a process, not an event, and good practice has thus far proved to be a bad traveller (Morgan and Morley, 2006). Nevertheless, the power of public procurement has finally been recognised in the UK and the next challenge is to deploy this power more effectively at the local level.

In their different ways these social, cultural and political forces will boost the prospects for the local food sector, but it is an open question as to which areas and enterprises in the UK will benefit most from these new opportunities. Let us examine these opportunities in more detail, beginning with the perennial problem of what we mean by 'local' food, a subject that often generates more heat than light.

Re-localising the food chain does not mean trying to become totally self-sufficient in food. The concept of local food is not about restricting access to overseas products that cannot be grown in the UK, but about using local food wherever possible. It is, as the Soil Association rightly says, about 'increasing access to locally-produced food by devising a system that makes local food an available, accessible and affordable option for local people' (Soil Association, 2000). A sensible and workable definition of local food would be foods that are grown and processed in the purchaser's area, be it a locale, a county or a region of the UK. In fact, there is no agreed definition in the UK as to what the radius of the local is. For example, the definition of the local varies from the National Farmers' Union (which identifies local food with British food) to the Council for the Protection of Rural England (which defines local food as food grown and processed within 30 miles of the place where is purchased).

Local food must not be confused with *locality* food, which carries the name of a locality or region but which is retailed throughout the country, like Cornish clotted cream, or throughout the world, like Parmigiano Reggiano, the finest parmesan cheese which is produced in a strictly defined area in the region of Emilia-Romagna in central Italy. Locality foods can of course be consumed within their local areas, as indeed they are, but their principal markets tend to be national and international.

Local and locality foods can be registered in the EU under legislation that came into force in 1993, affording the producers legal protection against imitation. There are two forms of geographical protection:

- *PDO - Protected Designation of Origin.* The PDO is reserved for products that have a close affinity with the area whose name they carry. To be eligible for PDO status a product must meet two conditions: (i) the quality or characteristics of the product must be essentially or exclusively due to the particular geographical environment of the place of origin; the geographical environment is taken to include inherent natural and human factors, such as climate, soil quality and local know-how; (ii) the production and processing of the raw materials, up to the stage of the finished product, must take place in the defined geographical area whose name the product bears
- *PGI - Protected Geographical Indication.* The PGI is less strict than the PDO and therefore the link may rest simply on the reputation of the product, if it is owed to its geographical origin. To be eligible for PGI status a product must meet the following conditions: (i) it must have been produced in the geographical area whose name it bears. Unlike the PDO, it is sufficient that only one of the stages of production has taken place in the defined area. For example, the raw materials used in production may have come from another region; (ii) there must also be a link between the product and the area which gives its name. However, this feature need not be, as in the PDO case, essential or exclusive. It is sufficient that a specific quality, reputation or other characteristic be attributable to the geographical origin

**MAKING PROVENANCE PAY:
THE LOCAL FOOD CHALLENGE IN SHETLAND**

Nowhere in the world is there such strong regulatory protection for local and locality food and there are two key ideas at the core of this system. First, that some foods can only be produced in certain places and/or in certain ways and should be protected from being abused by mass production. Second, that these products are in some way the cultural property of people and local communities, a socially-owned and spatially-embedded trade mark that cannot be sold or de-localized like conventional corporate trademarks (Countryside Agency, 2006; Morgan et al, 2006).

Box 1.1: PDO and PGI Products by Country

COUNTRIES	PDO/PGI PRODUCTS
Italy	156
France	149
Spain	97
Portugal	93
Greece	84
Germany	67
United Kingdom	29
Austria	12
Holland	6
Belgium	4
Luxemburg	4
Czech Republic	3
Denmark	3
Ireland	3
Sweden	2
Finland	1
Estonia	0
Cyprus	0
Latvia	0
Lithuania	0
Hungary	0
Malta	0
Poland	0
Solvenia	0
Slovakia	0

As we can see from Box 1.1 Southern European countries dominate the league table of PDO and PGI products and the reason for this is very simple - they never lost their local food cultures as we did in the UK. The forces that killed off the local food culture in the UK were many and varied, but political centralisation, early industrialisation and national food retailing were the most inimical forces (Mason and Brown, 2004). In contrast, there continued to be a strong link between products and places in southern Europe, especially in Italy and France, the two countries that top the league table of protected local and locality food names.

Against this background, the growth of the local food sector in the UK in recent years is nothing short of remarkable. Although 'local food sector' suggests a homogenous sector, nothing could be further from the truth. In product terms it embraces a wide array of food categories. Most commonly it

includes fresh produce, such as fruit, vegetable, fish and meat. It also includes processed food such as bread, cheese, jams and preserves. It can even include products that are processed locally from ingredients that are derived from elsewhere, as we saw with PGI status products.

If the products of the local food sector are varied so too are the retailing methods. For example, there are now over 4,000 farm shops in the UK, with a combined turnover in excess of £2 billion. Box schemes for delivering local and organic food from farm to home have become commonplace throughout the UK. The growth of farmer's markets has been equally remarkable because, since the first one was established in Bath in 1997, there are now more than 500 such markets in the UK. A recent survey found that 80% of neighbouring businesses reported a boost in trade following the establishment of a farmer's market (FARMA, 2006).

Although purists may not approve, the most important retail outlets for local and locality food in the UK are the supermarkets. All the multiple retailers claim to be developing strategies and structures to enhance their local food offers, but local suppliers still find it difficult to deal with purchasing systems that continue to be highly centralised.

Aside from Booths (the Preston-based supermarket which specialises in local and regional produce from the north-west of England), Waitrose is the national retailer that has devoted most thought to its local food offer. Launched in 2002, its *Locally Produced* range of produce stresses 'fine quality foods selected from your region'. This *Locally Produced* label includes food and drink made by small-scale producers and supplied to shops within a 30-mile radius of the production site. Local producers are not required to supply all Waitrose stores, nor do they need to grow their businesses any larger than they wish, in contrast to some of the larger supermarket chains, which want local suppliers to scale-up if demand for their product takes-off (Morgan et al, 2006).

All supermarkets will be forced to improve their local food offer because this is what their own customers are demanding. Although farm shops and farmers' markets will remain important retail outlets, the evidence in Box 1.2 suggests that supermarkets will continue to dominate the local food sector, with nearly half of the consumer survey citing the multiples as their 'favoured retail outlet' for local produce.

The food service sector - embracing fast food outlets, hotels, restaurants, pubs and canteens - may not have the profile of the supermarket sector but it is just as significant in size, accounting as it does for half the annual consumer spend on food in the UK. Because it is so fragmented the food service sector has not attracted the same political attention as the supermarkets, but this is changing. The *Just Ask* campaign was recently launched by the CLA at 10 Downing Street, with Tony Blair and David Miliband lending their support. The campaign is designed to encourage the public to ask where the food on their plate comes from whenever they are eating out, and its ultimate aim is to increase the amount of locally-produced food in the food service sector - where provenance has played little or no part except in exclusive hotels and restaurants (CLA, 2007).

Demand for local food is not confined to private retail and food service outlets. Indeed, one of the biggest sources of untapped demand in the UK today lies in the *public* sector. Long considered to be the Cinderella of the catering sector, the public canteen is now acknowledged to have an important role to play in promoting healthy eating, fashioning local markets for local producers and fostering low carbon food chains. The UK public sector spends some £2 billion every year on food and drink –

a budget that could be deployed much more effectively if it was part of a *sustainable* procurement strategy. Some of the main barriers to sustainable procurement are shown in Box 1.3.

Box 1.2: Demand For Local Food On The Up

The increasing availability of local foods is driving sales of more natural, fresher foods with a clear provenance, according to **Retail and Foodservice Opportunities for Local Food**, a new report by IGD commissioned by Food from Britain (FFB).

The exclusive research which asked 2,000 consumers for their views, shows that since March 2005, the percentage of shoppers claiming to buy local food and drink has increased by 6%, with almost two thirds of shoppers (65%) now buying local, and a further 9% expressing an interest in buying if availability was better.

The definition of 'local' differed by region according to consumers, with residents from the devolved nations being most nationalistic. Consumers in both Wales and Scotland described 'local' as being from their countries, while most participants from England related the produce to its county of origin.

Local produce merchandised in a supermarket continues to be the preferred place amongst buyers to get local food, with almost half of consumers citing this as their favoured retail outlet. A significant improvement in availability in these outlets is helping to drive growth. Farm shops (25%), butchers (24%) and farmers markets (21%) are still popular choices for local purchases, illustrating that there is a need for different purchasing channels when it comes to local food.

Whilst vegetables and fruit are still key categories, there is a move towards cross category purchasing with a demand for cooked meat products such as pies and pasties, and other fresh produce including meat, poultry and eggs. The purchase of more specialised products, such as frozen desserts, alcoholic and soft drinks is also on the increase offering significant opportunities for producers.

Top of the reasons to buy local is still freshness, affecting the purchasing behaviour of 64% of shoppers, closely followed by support for local producers (31%) and a concern for the environment (25%). Other key triggers include taste (20%) and quality (16%). Although an increased number of shoppers are choosing local food for its quality and taste, less buyers now regard local food as value for money.

The research highlights a few notable changes in purchasing behaviour, including a 14% increase in consumers aged 24 to 34 buying local food (32% more shoppers) in the A demographic group purchased local food, a group specifically identified as an opportunity last year. London still holds the biggest purchasing power for local and regional foods and also the greatest desire to purchase more.

A significant opportunity is being missed by many foodservice outlets, with almost three quarters of consumers wanting to see locally sourced food named on menus, in particular, vegetables, meat and poultry.

The increased availability of regional foods is having a clear impact on sales, but there are still significant opportunities out there for producers, retailers and foodservice professionals.

Box 1.3: Commonly Cited Barriers to Sustainable Procurement

Cost: Perception of increased costs associated with sustainable procurement. Value for money is perceived to be inconsistent with paying a premium to achieve sustainability objectives.

Knowledge: Lack of awareness of the need for and processes required to conduct procurement more sustainably.

Awareness and information: Lack of information about the most sustainable option; lack of awareness of products; lack of monitoring of supplies; perceptions of inferior quality.

Risk: Risk-averse buyers prefer to purchase from suppliers with a good track record. Organisations fear criticism from the media and are therefore less keen to take innovative approaches.

Legal issues: Uncertainty as to what can, and cannot be done, under existing rules (both UK and EC) on public procurement.

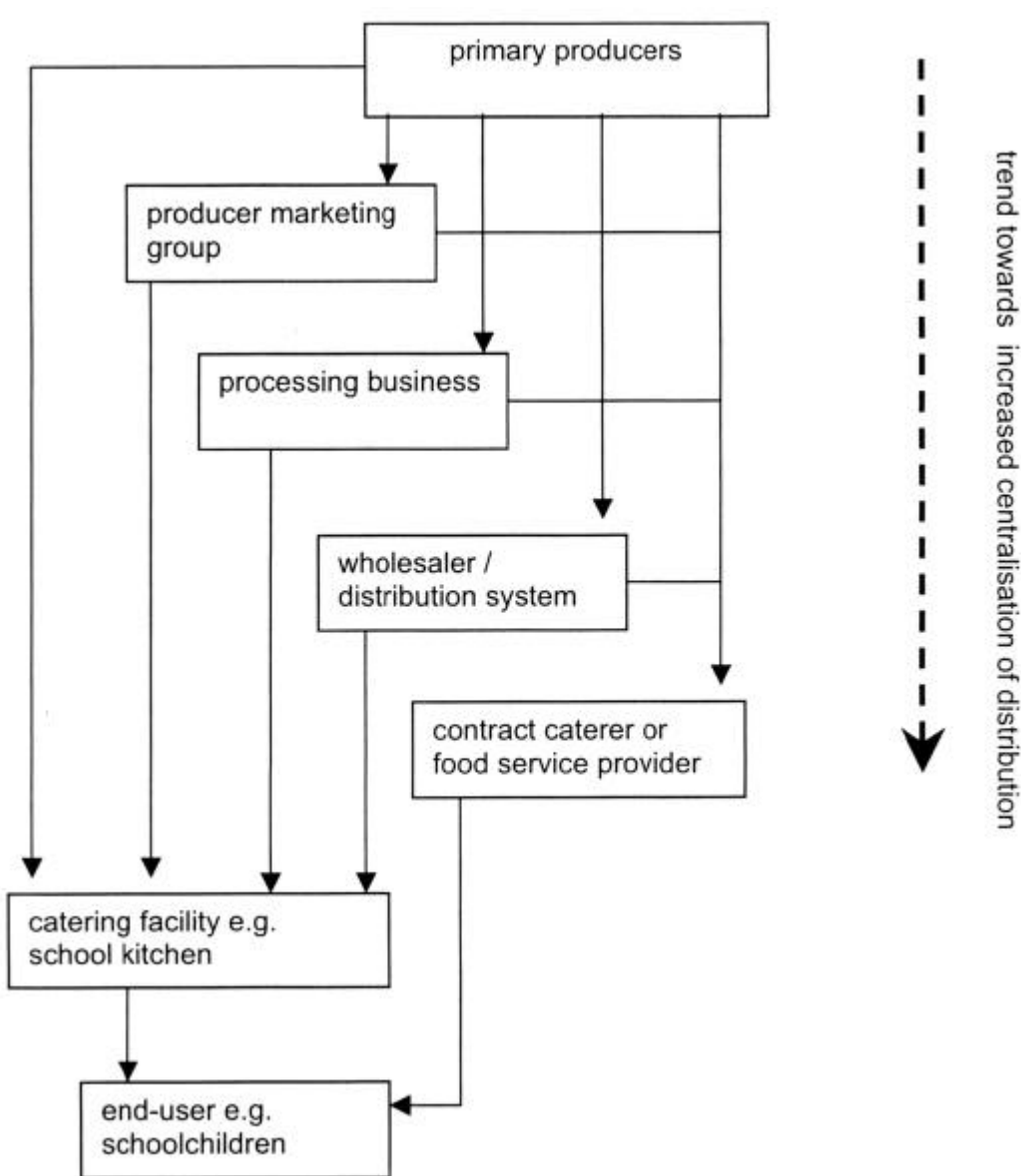
Leadership: A lack of leadership – both organisational and political – leading a lack of ownership and accountability at all levels.

Inertia: Lack of appetite for change. Lack of personal or organisational incentives to drive change.

Although not confined to the food sector, these barriers help to explain why the public sector has been slow to utilise local food. Of all the barriers to sustainable procurement the most important would seem to include: (i) the failure to apply *whole life cost* analysis, which is the surest way to expose the difference between low cost and best value; (ii) the *knowledge deficit*, which stems from the failure to equip procurement managers with the necessary skills and business models; and (iii) the lack of *political leadership* in central and local government, which allows the status quo to masquerade as a viable option for the future (Morgan, 2007).

If the demand-side of the food chain has problems utilising local food, the supply-side faces even bigger problems - the two biggest problems being the lack of cooperation among producers and the woefully inadequate infrastructure to support the production and distribution of local food. Food supply chains can take many forms, ranging from short/direct chains to long/complex chains as illustrated in Box 1.4.

Box 1.4: Food Supply Chain Models



Source: Foodlinks UK/f3

Research sponsored by Defra has shed some useful light on the inner workings of food supply chains in the public sector. The main trend in supply chains at the moment is increasing centralisation. Economies of scale and simplicity for the buyer mean that one-stop food service companies are now dominating the market. As buying consortia become more common, and efficiencies and value for money assume more importance, this trend may increase in the future, further undermining the viability of small suppliers and processors.

'Framework agreements' also offer a different model whereby one agency, such as NHS Purchasing and Supply Agency, will set up national contract arrangements with suppliers which can then be taken up by individual buyers such as hospital Trusts. This also leads to consolidation and aggregation of contracts, although the NHS does try to regionalise its procurement arrangements by breaking contracts into lots. Sub-regional collaborative hubs have been established to create a 'middle tier' between national and individual Trust level purchasing. Following the example of the car industry - the model for new food supply chain thinking - the responsibility for managing the supply chain is being devolved to first tier suppliers, leaving the buyers in less direct relationships with suppliers (Michaels *et al*, 2006). Some of the local experiences of dealing with these trends are shown in Box 1.5.

Box 1.5: Good Practice Case Study

The *NHS Cornwall Food Project* suggests that "The vital thing is to let the local and small suppliers know that you want them to tender. Meet the buyers, advertising press etc... are all things that we did about 4 years ago and now our local SMEs know how to contact us and aren't scared to. Also, we have to help them with the paper work (which is allowed under Treaty of Rome etc...). Public Sector bodies are very good at lots of paper work and this can put small companies off. It means coming out of our ivory tower and engaging within the local private sector. It is too easy to sit back and say 'this is the spec we want, supply it'. We have to engage and compromise and work wit the private sector so that all parties can gain the benefit".

By doing this, the Trust now gets 85% of its red meat from local producers, and by 2008, 40% will also be organic. The Soil Association provided help in developing supply chains.

Common Cause and the Netherfield Centre produced a Local Meat Directory to go to local care homes and public sector outlets that buy food direct. This lists local outlets where a caterer can buy wholesale volumes of locally produced meat.

A review of the local food sector in Scotland identified the following as the key barriers facing local suppliers:

- Limited resources for promoting products, a serious issue for small and micro-businesses
- Gaps in local processing which, if rectified, could shorten supply chains and provide local outlets and jobs
- Lack of infrastructure can lead to insufficient volume of activity to sustain growth without subsidy, for example small throughput abattoirs
- Poor local food distribution networks and carriers favouring bulk deliveries
- Supply may not fit with demand, limiting access to markets for both producers and consumers
- There can also be problems with range, quantity, seasonality and regularity of supply

- Advice and support to food companies has focused on the export market, reflecting the interest of the big suppliers rather than the small suppliers who are most likely to supply the local market
- There is a dual challenge for the local food sector: to keep as possible of the food chain local, whilst developing markets and export capacity (Scottish Consumer Council, 2004).

Far from being confined to Scotland, these barriers apply throughout the UK. Although the problems are common there is very little opportunity to learn from good practice elsewhere, and such learning is all important because *seeing is believing*. Learning from others does not mean cloning what others have achieved, a naïve notion that ignores the nuances of local circumstance.

Local circumstance - the ability to buy local produce, the availability of supply and perhaps above all the capacity to collaborate for mutually beneficial ends - is the key to understanding why and where the local food revolution has taken root in the UK to date. However, if the potential of the local food sector is to be fulfilled, locally-produced food will need to become the norm, rather than the exception. In short, local food will need to become part of the warp and weft of every locality - not just in farm shops and farmers' markets, exclusive hotels and restaurants, but in supermarkets, food service outlets and public canteens.

Mainstreaming local food is more than just a local challenge, it is a challenge for everyone in the food chain - consumers, producers and regulators especially. But local circumstance is where we need to begin, which brings us to the Shetland situation.

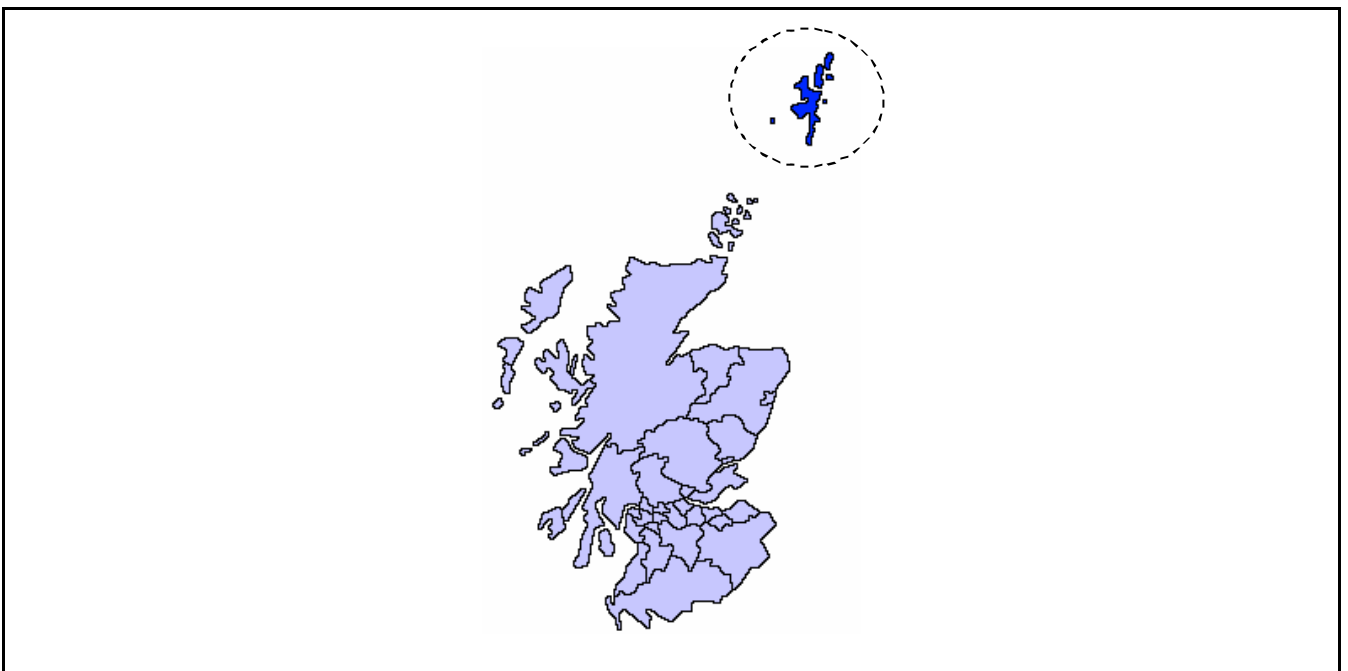
2. Food Production in the Shetland Islands

Shetland Food in a Historical Perspective

Shetlanders have been producing food for around 5000 years. Over this period, very specific climatic, geographic and environmental features as well as outside cultural and economic influences have consistently moulded and remoulded the ways food and drink is produced and consumed on the islands.

Shetland's geographical location (a group of isolated windswept rocky islands surrounded by rough North Atlantic currents) has perhaps played the biggest role in moulding the islanders' relationship with food. Despite its northerly location, the islands benefit from the warming effects of the North Atlantic Drift, which produce relatively mild winters. Generally cool and damp conditions with few trees and relatively scarce productive soils limits the possible range of crop production. As a result, food provision has traditionally revolved largely around livestock, a small range of crops and an abundant source of products from the surrounding seas.

Figure 2.1: The Shetland Islands



The high seasonality of available food on the islands led to a reliance on food preservation techniques such as wind drying and salting. These methods, combined with an emphasis on utilising as much of what is available as possible, plus the limited range of plant foods, led to the development of a distinct food culture with an array of typical products and dishes.

Reestit Mutton, for example, is mutton (and latterly lamb) salted in brine and then hung to cure above a peat fire. Another typical Shetland preserved meat product was Vivda, which is air-dried mutton. The product was made by hanging untreated mutton for a period of around 2 months in special stone buildings known as 'Skeos'. Whilst Reestit Mutton is still popular, particularly around the New Year, popular Vivda consumption died out by the mid 19th century. Box 2.1 lists some of the products that were popular on the Islands during the pre-war period.

Box 2.1: Traditional Pre-War Shetland Food

Species grown, reared or caught:

Oats, Bere (barley), Potatoes, Cabbage, Turnips.
Fish, Shellfish, Sheep, Cattle.

Food products:

Biddies, Brunies, Bannocks (types of Oatcake), Porridge, Milk, Butter, Kirn-milk (soft cheese),
Blaand (a whey drink), Reestit Mutton

Source: Fenton (1976); Simmons (1978)

Nowadays, of course, Shetlanders, in common with the rest of the western world, consume a wide variety of foods via globalised food chains. Nevertheless, many of the products above are still central to the modern Shetland diet.

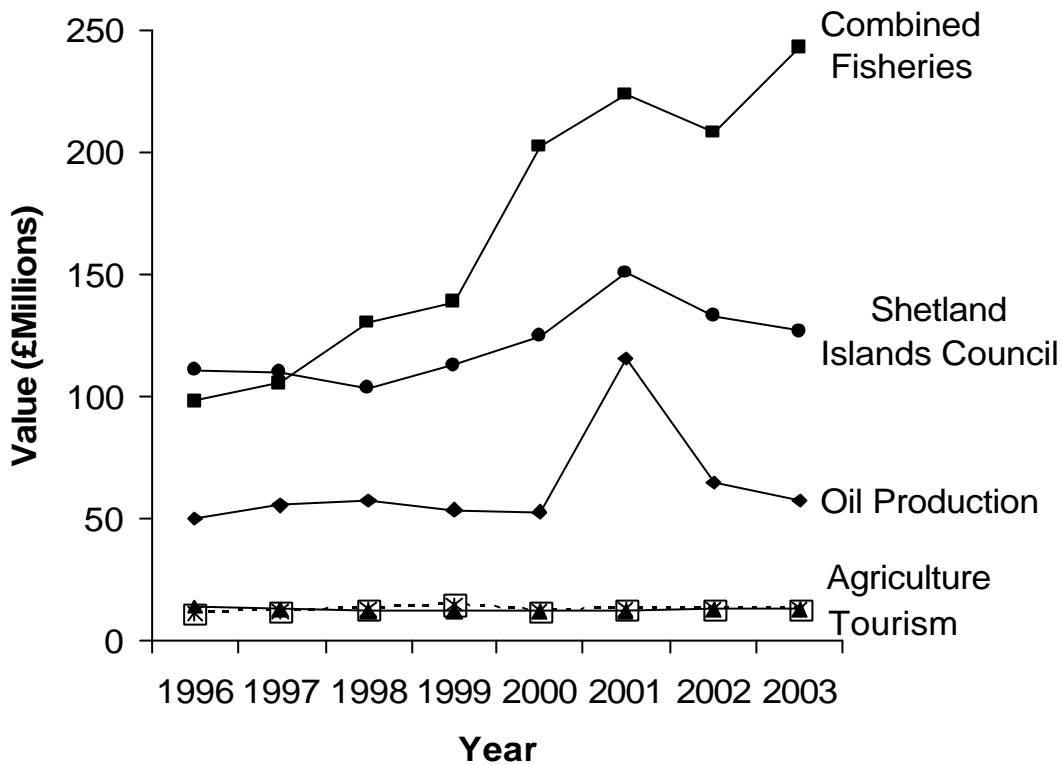
Shetland has native breeds of both sheep and cattle. The Shetland sheep is the smallest of the British breeds and is particularly suited to wool production and mutton. Shetland's native breed of cattle was traditionally reared for milk production, although the meat was also eaten, both fresh and preserved in similar ways to the island's mutton.

Fish, too, has been an essential part of the diet and livelihoods of Shetlanders since the islands were first inhabited. Many Shetlanders were subsistence fishers, catching fish such as piltock, cod, haddock, ling and dogfish. Economically, much pre-oil growth was through the herring industry, which was at its peak around the turn of the 20th Century (Fenton, 1976).

The Shetland Food Sector Today

Modern food production in Shetland is still dominated by the fisheries. The combined fisheries economic output in 2003 was £243.1 million compared with only £13.1 million for agriculture (nearly 20 times smaller). Figure 2.2 below compares the main economic outputs of the islands, communicating clearly the dominance of the combined fisheries sector above oil revenues and the contribution of the Shetland Islands Council. Whilst the fisheries are a vital part of both Shetland's economy and way of life, the impact of land-based agriculture, however, should not be underestimated. It was estimated that in 2005, there were nearly 2400 people employed in commercial agriculture in the Shetlands, including 343 full time farmers / crofters (Scottish Executive, 2005). Moreover, the agricultural sector as a whole is estimated to generate a similar level of economic value as tourism on the islands. In addition, the economic, social and environmental impact of the some 2700 crofts on the islands should not be forgotten (Crofters Commission, 2005).

Figure 2.2: Key Sectors in the Shetland Economy



Source: SIC (2006)

Seafood

Approximately 35 species of fish and seafood are regularly landed in Shetland. The vast majority of these are exported, either fresh or after primary processing. Around 113,000 tonnes of fish were landed in Shetland in 2005 at a value of £55 million, representing one quarter of the total UK catch by weight (Fish Update 2006). Pelagic fish such as herring and mackerel account for over 90% of the weight and approximately 75% of the total value. White fish landings such as Cod and Haddock, however, have fallen significantly in recent years reflecting the situation across the remaining UK fisheries sector (SIC 2006).

Over recent decades, aquaculture has steadily grown to become the largest private sector employer on Shetland. Salmon farming began on the islands in 1983 and is now by far the main form of aquaculture. The sector peaked, in terms of the number of businesses, in the early 90s with about 50 producers, it now has 12 individual companies left producing farmed salmon across 40 salmon farms & 6 hatcheries. Since its establishment, the volumes and value of farmed salmon from the islands have risen dramatically. Box 2.2 below demonstrates how the Shetland Salmon Farmer’s Association – the lead industry organisation for Shetland salmon producers – promote the “natural” qualities of its farmed salmon products.

Box 2.2: Shetland Salmon – Farmed in the Wild

Expertise

Our clean, wild environment gives us the perfect setting in which to farm great salmon. Add to this the unrivalled expertise of Shetland's salmon farmers – men and women whose dedication to husbandry, environmental care, and quality control is recognised worldwide. And formalising all this, we have an independent accreditation to EN45011 – the gold standard. The result: quality fish from a magnificent, clean environment.

Heritage

In Shetland, the sea is our heritage – it flows in our veins and for centuries it has fed us and given us our livelihoods.

So we look after it.

In our industry we have one of the most rigorous environmental control schemes in the world. The reason is simple. We are islanders. We know the value of the sea – how it can sustain us and how we must care for it for the future.

Natural

Shetland is different. The tidal waters of the North Atlantic run fast and strong here, and this is the environment in which we farm our salmon.

We don't have lochs and we don't have rivers. We use the wild waters of the sea – surging, clear, fresh, clean. It's the sea that gives our salmon their natural strength – and their taste.

Source: *Shetland Salmon Farmer's Association*

The Shetland Isles currently produce approximately one third of all UK farmed salmon. Only in 2004 was output significantly reduced, down from 64 000 tonnes in 2003 to 48 000 tonnes in 2004, largely due to problems associated with a health scare. About 5% of Shetland farmed salmon production is organic. The islands also produce relatively small but growing numbers of certified organic farmed fish in the form of cod and shortly, sea trout. Organic farmed cod, in particular, is a product with great potential for Shetland. The islands are home to the world's only current producer, Johnsons Seafarms (Box 2.3) outlines their innovative product and marketing approach.

Mussel production is also a significant sector, accounting for approximately half of all Scottish mussel production. Other shellfish such as oysters and scallops are both farmed and caught in significant amounts.

It is, however, the processing of fish that provides the greatest direct economic impact of the fishing industry. Seafood Shetland estimate that the fish processing sector turned over £120 million in 2004, through 17 factories located on the islands.

Box 2.3: Johnson Seafarms – The World’s First Producer of Organic Cod

Why Cod?

The crisis that has overtaken wild cod stocks is real. An increasing number of experts are taking the view that wild cod is on the verge of disappearing from our oceans altogether. In 1992 the world’s largest fishing grounds, the Grand Banks off Canada, were closed after being fished out; they have never recovered. Scientists say the same fate looms for the North Sea and surrounding areas of Europe, despite increasingly strict controls over cod fishing. Our insatiable appetite for cod is leading to over-fishing and official studies indicate that cod in the seas around Britain is close to commercial extinction. Johnson Shetland Organic Cod is the viable alternative for the growing number of consumers who are insisting that food production takes into account key ethical issues such as environmental sustainability.

Shetland Organic Cod

They are the world’s first producers of organic cod. The company has successfully applied the latest innovations in feeding and management systems and now produce organic cod on a commercial scale. They work closely with the Organic Food Federation, the Soil Association, the RSPCA and the Scottish Environmental Protection Agency to ensure that their organic cod meets and exceeds even the most stringent environmental standards. Johnson’s annual production is expected to grow to four million cod (16,000 tonnes) by 2010 – around five percent of the total UK cod market.

Why Organic?

In association with the Organic Food Federation, Johnson Seafarms developed the world’s first organic standards for cod. This means they: do not use hormones, dyes, pesticides or chemicals; do not use genetically modified feed; only use fish meal from sustainable sources and protect and enhance fish welfare

Why eat Cod?

Cod is a healthy, environmentally sensitive and most importantly, sustainable solution to the challenge of rapidly diminishing wild cod stocks. It is rich in omega-3 fatty acids – a nutrient that can help protect against heart disease. The British Heart Foundation recommends eating fish at least twice a week. Fish is an excellent source of healthy protein. Cod is low in calories, saturated fat and cholesterol, making it a good substitute for poultry and meat. All of this, and what’s more – it tastes brilliant.

Source: Johnson Seafarms

Agriculture

Modern commercial agriculture on the Shetland Islands is based around livestock production through sheep and, to a lesser extent, cattle. In 2004, there were estimated to be some 363 000 sheep and about 6100 cattle on the islands (see Box 2.4).

Box 2.4: Livestock on Shetland (2004 figures)

Total Cattle		6 110
(of which)	Beef Cows and Heifers	2 26
	Dairy Cows and Heifers	660
Total Sheep		362 961
(of which)	Breeding Ewes and Gimmers	199 163

Source: SIC (2005)

Of the 363 000 sheep on the islands, approximately 130 000 are pure native Shetland sheep. The remainder are either Shetland Cheviot crosses, of which there are approximately 50 000 or Shetland Cheviot crossed with Suffolk rams, which produce lambs suitable for the fat stock market (SIC 2005). Shetland lamb has European Protected Designation of Origin (PDO) status and a genuine international reputation as a quality product. The majority of Beef cattle are exported for finishing in mainland Scotland.

The native cattle breed is officially designated a rare breed by the Rare Breed Survival Trust. There are thought to be only about 200 breeding females currently on the islands (Taste Shetland, 2006).

There are currently two meat abattoirs on the islands: a once private facility that has recently been purchased by the Shetland Development Trust and leased back to the original owners (Bevington, 2006) and has a licence for both sheep and cattle, and an abattoir for sheep only which is operated on a non profit basis by the Shetland Livestock Marketing Group.

There were 1990 agricultural holdings registered in Shetland for the year 2004. The vast majority of these were traditional crofts. Average farm size in Shetland is very small by UK standards. The main agricultural organisation on the islands is the Shetland Livestock Marketing Group (see Box 2.5).

Box 2.5: Shetland Lamb and the Shetland Livestock Marketing Group

The Shetland Livestock Marketing Group was formed in November 2003 through the amalgamation of a series of previous organisations*. Approximately 300 lamb producers are members, which represent about 1/3 of the total.

In August 2005, the group launched a new Shetland Lamb brand identity consisting of three products: Shetland Hill Lamb, from pure native breeds; Shetland Island Lamb, from Shetland cross breeds & Shetland Seaweed Lamb, from native sheep grazed along the Shetland seashore. The group has rightly placed the lamb's provenance at the forefront of its branding strategy. SLMG describes its products in its marketing literature as follows:

- Shetland Hill Lamb – “The classic native bred lamb. Tender and succulent with a delicate, slightly sweet flavour, the naturally lean quality of the meat is attained from the animals foraging over the islands' vast and remote heathery hills. Only available from September until December, Hill lamb has to be tasted to appreciate its true distinction.”
- Shetland Island Lamb – “With its heavier muscle structure and higher meat yield, Island lamb - which is available all year round - is deceptively familiar in appearance to mainland breeds. But there, the similarity ends. Its kinship to Hill and Seaweed lamb means that it possesses many of the unique characteristics and distinct flavour for which Shetland lamb is renowned. Shetland Island lamb will look familiar but retains the well-known characteristics associated with lamb produced in Shetland.”
- Shetland Seaweed Lamb – “Seaweed lamb's exclusivity is derived from native lambs that not only feed on the heather hills and inland pastures, but also have access to the islands' rugged seashore. This unique grazing combination makes for a truly memorable tasting experience.”

This initiative has already met with success when Shetland Seaweed Lamb won a silver in the seasonal product category at the 2006 Taste of Britain awards, where it beat over 200 other entrants.

That year, SLMG sourced livestock from 58 individual Shetland Lamb producers and slaughtered nearly 2000 lambs through the new scheme (up 25% from the previous year). The group aims to increase these figures significantly as the markets for the Shetland lamb products grow.

Source: SLMG 2006

* The Shetland Marts Cooperative, the Shetland Flock Health Association, the Shetland Animal Health Trust, the Shetland Agricultural Association and the Shetland Abattoir Cooperation.

Economically, commercial horticulture is only a minor part of Shetland's food sector. Moreover, current production is largely limited to potatoes, brassicas and root vegetables, although there is some commercial market vegetable production under glass (tomatoes, cucumbers, courgettes, peppers, coriander, strawberries etc). In addition, many crofters grow vegetables for their own consumption. According to the 2005 Agricultural Census, only 67 holdings produce vegetables for human consumption, and 5 holdings have glasshouses. The census also reveals that there were 4502 poultry, 43 pigs and 25 goats registered on the islands in 2005 (Scottish Executive, 2005).

Food Processing

Shetland currently lacks a comprehensive directory of food processing businesses. As the following breakdown of the food manufacturing sectors shows, however, there are thought to be only around two dozen producers on the islands.

Box 2.6: Shetland Food Manufacturers

Alcoholic Drinks	3 [†]
Bakers	4
Butchers	5
Dairies	1
Ice Cream & Confectionary	4
Smokeries	6
Others	2

As this figure shows, there are only a handful of businesses in most of these broad categories. The large presence of smokeries is due to the traditional popularity of smoked fish products. The only Dairy on the islands, Shetland Farm Dairies Ltd is joint owned by 6 dairy farms and produces butter and cream in addition to fresh milk. In 2005, some of Shetland's producers came together to form the Shetland Food and Drink Group. The group currently has around 20 members, who aim to raise the profile of Shetland Food by working together to promote the use of local food products on Shetland and strengthen the credibility of the produce with industry buyers.

Retail, Hospitality and Export

Again, Shetland is without a comprehensive directory of food retail, hospitality and export businesses. There are, however, approximately 24 restaurants and cafes on the islands along with some 45 independent shops. There are only 2 supermarket chains with a presence in Shetland (Somerfield and Co-op). The islands' caterers are all independent and relatively small in scale. Food exports, outside of the fisheries and lamb / mutton, is thought to be restricted to a small amount of bakery products and mail order items.

Outside of the fisheries, the Shetland food sector, can be summed up as being relatively diverse in terms of the range of consumer food products produced on the islands, although narrow in terms of primary production and associated infrastructure. Links between the primary, processing and retail sections, whilst strong in some cases, are generally poor and uncoordinated.

[†] Of which only one currently brews alcohol.

Food pervades many aspects of the local private sector economy and therefore understanding its economic impact is a complex task. In addition to primary production, transport, infrastructure, processing and retailing, there are also many indirect impacts through suppliers, support services and the flow of money from outside the islands through export income, for example.

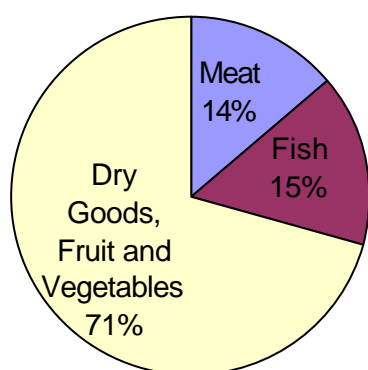
In export terms, food & drink manufacturing and the fish sector together account for 67% of all Shetland exports by value (HIC, 2003), equating to approximately £56 million (2002 figures). An illustration of this impact is a reported admission by P&O Scottish Ferries that without freight generated by the salmon industry, a daily Shetland to Aberdeen service would not have been economically viable during their operation of the route (Shetland Aquaculture, 2007).

The sourcing of products produced on the islands by local businesses appears to be relatively limited however. In fact, milk products, fish, lamb and bakery goods are perhaps the only local food types that can be easily bought by local businesses. Lamb from the Shetland Livestock Marketing Group, for example, is supplied to at least 8 Shetland restaurants and the Northlink Ferry company.

Shetland Food and the Public Sector Economy

The economic impact of the public sector as an employer, provider and purchaser of goods and services is of enormous significance. The Shetland Islands Council alone generates £127M per year as a direct economic impact on the islands. In addition, other public bodies such as the NHS and the police service are significant too. Public food provision, either to clients or staff, is a key activity within these organisations. The council as a whole spent an estimated £568 000 on food products in 2006. Box 2.7 breaks this figure down into more detail.

Box 2.7: Shetland Islands Council Spend on Food Products (2006)



Total Spend: £ 568 000

Meat and Fish Purchases by Weight (Kgs):

	Direct Council Service (DLO)	Social Services (Care Homes)
Lamb	2122	927
Beef	7957	1686
Pork	5076	1792
Poultry	9240	1386
Fish	6472	1581
Total	30957	7372

The two largest public provisions of food on the islands are through schools and NHS services.

School Meals

Shetland Council provides daily meals to approximately 2300 school children. This service has an annual budget of £1.2 million, of which approximately 30% is spent directly on food costs. Box 2.8 presents some key facts about school meal provision on Shetland.

Box 2.8: Shetland School Meal Facts

- 32 Schools
- Approximately 2300 daily meals in total
- Daily meals per school varies from 4 to 300.
- School meal uptake is the highest in Scotland: 87% at primary level, 91% secondary. (compared to a Scottish national average of 46%)
- Annual Budget: £1.2 Million (including meals on wheels)
- Annual Food Cost (estimated for 2006/07): £367 550
- Highest food cost in the UK: 80 – 90p per meal

Shetland has the highest uptake of school meals across Scotland. It should also be noted that average food costs are also the highest, not just in Scotland but the UK as a whole. Geographical circumstances no doubt play a role in both of these statistic, although the service should still be commended for achieving such high take up figures.

Unlike the majority of Scottish local authorities, Shetland does not purchase through a purchasing consortium. The only current school meals contract is for meat. This stipulates that the lamb purchased should be local where available (and at least 80% of the annual total). Fresh local fish is put on menus at least once a week and is purchased without a contract.

National Health Service

NHS Scotland is another significant public sector provider of food in Shetland. DTZ Piedad estimate that NHS Shetland spends £105K on food costs annually. NHS procurement activities are driven nationally although they procure 90% of their food needs from local distributors. Fresh bread is sourced from a local producer while meat comes from a local wholesaler who sources locally some of the time. All NHS hospital food in Shetland is cooked from scratch in a central kitchen and then sent to one of four sites where food is provided.

NHS Scotland source the majority of their catering provisions through national contracts. In fact, the only foods not covered by these agreements are fresh fish, fresh fruit and vegetables and fresh eggs. Together, these items account for approximately 16% of the total catering spend by NHS Scotland (DTZ, 2005).

NHS Shetland's catering service is contracted out to the private sector. This means that individual caterers bid to run the service and source food themselves. The effect of this is that, in reality, only

large multinational businesses are big enough to run the services. Sodexo, for example, currently holds the NHS contract in Shetland.

The tender process for a new 5-year contract was initiated in 2006. The tender specification lacked any perceptible clauses or statements designed to encourage the use of Shetland ingredients. It also contained the requirement to achieve year-on-year financial savings of 1% across catering and other domestic services. Experience has demonstrated that such “efficiency savings” can produce pressure to reduce food costs, which in turn can have implications on a caterers ability to purchase quality ingredients, both in terms of nutrition and provenance (see Morgan & Morley (2003)).

As we have seen with the example of Cornwall NHS referred to in Section 1, genuine local and sustainable sourcing is possible within the NHS system of procurement.

Having briefly examined the main components of Shetland’s food economy, we can now turn to consider some of its strategic weaknesses.

3. *Business-as-Usual: The Commodity Treadmill*

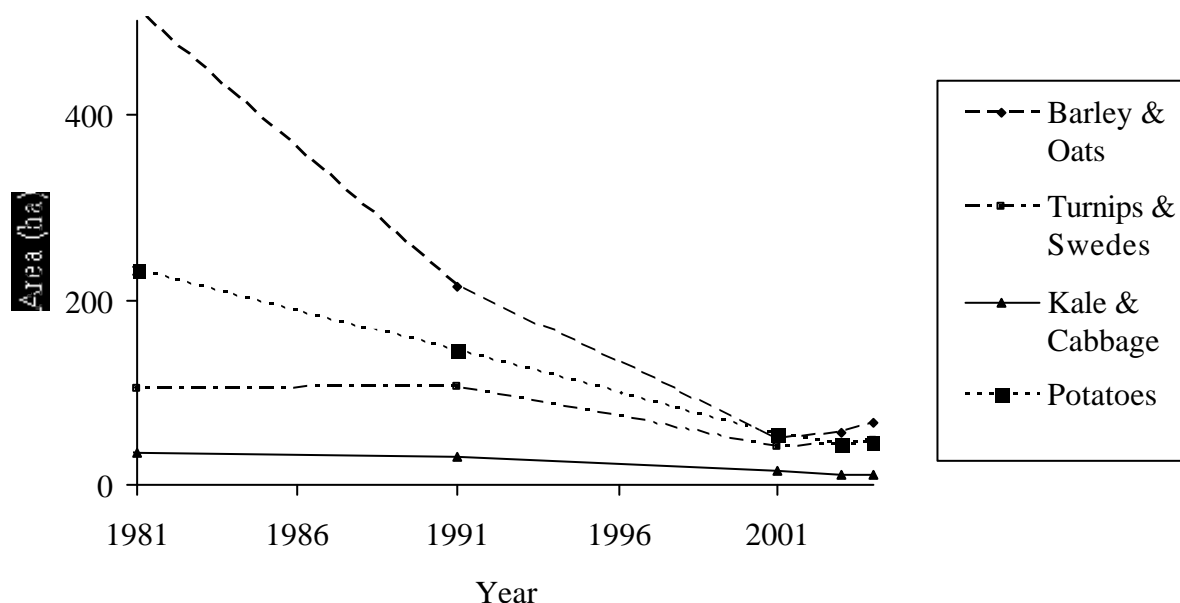
The previous section outlined the state of the food sector today. It outlines an economic and socially significant sector that has considerable inter-linkages with the rest of Shetland's economy. This section, however, attempts to demonstrate current weaknesses and threats to food in Shetland and outlines the implications of a business-as-usual scenario.

Downward Trajectories for Shetland Food

By highlighting what is currently known about the food sector in Shetland, it is possible to identify a number of long-term, largely negative trends that threaten to prevent the sector from achieving its true potential for the people of Shetland. Outside of the fisheries sector, perhaps the core long-term trend over recent decades has been a narrowing of the primary production base in the islands and an emphasis on participating in commodity markets.

Nowhere is this more apparent than in crop production. Although largely under the shadow of livestock production and fisheries, a glance at the list of traditional foods presented in Box 3.1 illustrates the central role supplies of cereals and vegetables have had in shaping traditional Shetland dietary habits. As figure 3.1 highlights, however, production of former Shetland staples such as barley, oats, turnips, cabbage and potatoes have plummeted in recent decades. In the years between 1981 and 2004, 80% of potato production has been lost, 66% of kale & cabbage, 52% of turnips & Swedes and a massive 87% of barley & oat production. The total area under tillage was some two thirds less in 2004 than it was in 1981, just over two decades earlier.

Figure 3.1: Crop Production on Shetland

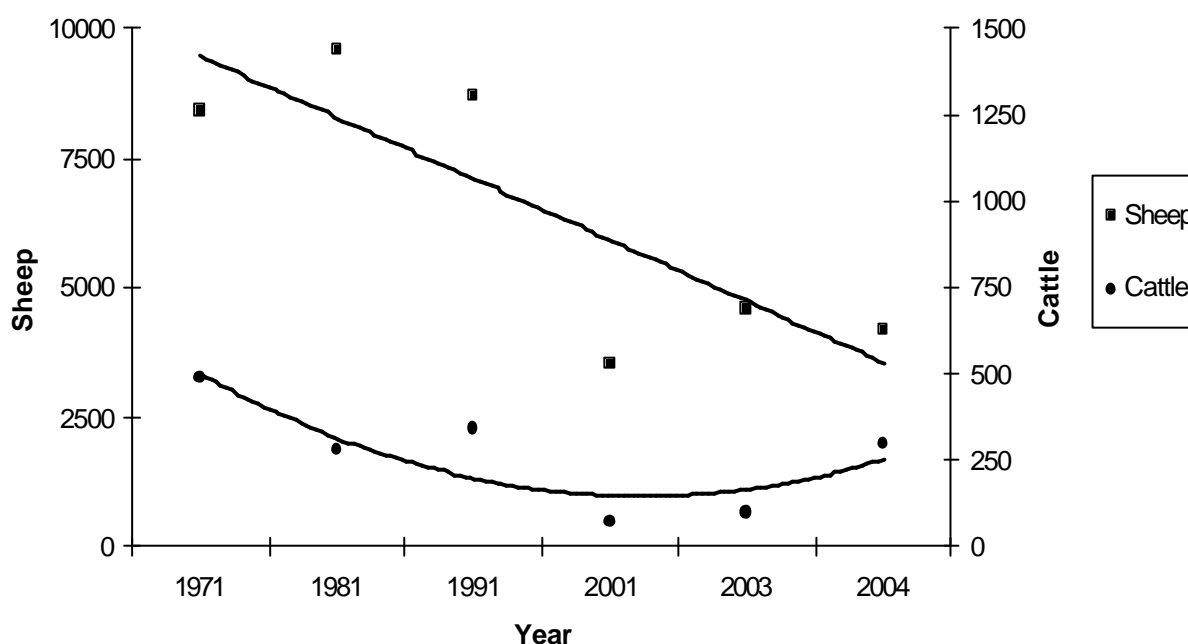


Source: SIC (2005)

This fall in production has also been accompanied by a degradation of the associated infrastructure required to get the product to market. Local private and public sector food procurers now have severely limited possibilities to source significant amounts of Shetland vegetable produce delivered direct to their businesses.

Although numbers of livestock production have remained largely consistent, the numbers of animals actually slaughtered on the islands, as opposed to being exported live, have dropped significantly. Figure 3.2 presents these figures over time along with trend lines that illustrate how this sector has fallen away. Only in the past few years have the situation shown any signs of revival, particularly in the case of cattle. This change has been led by the efforts of the Shetland Livestock Marketing Group.

Figure 3.2: Livestock Slaughtering on Shetland



Source: SIC (2005)

This figure reflects the primary livestock sector's move towards stocking sheep for the store trade which involves fattening sheep and then transporting them live to the main land where they are finished off and then slaughtered. Since 1981, the number of slaughterhouses in Shetland has fallen from 8 to 2.

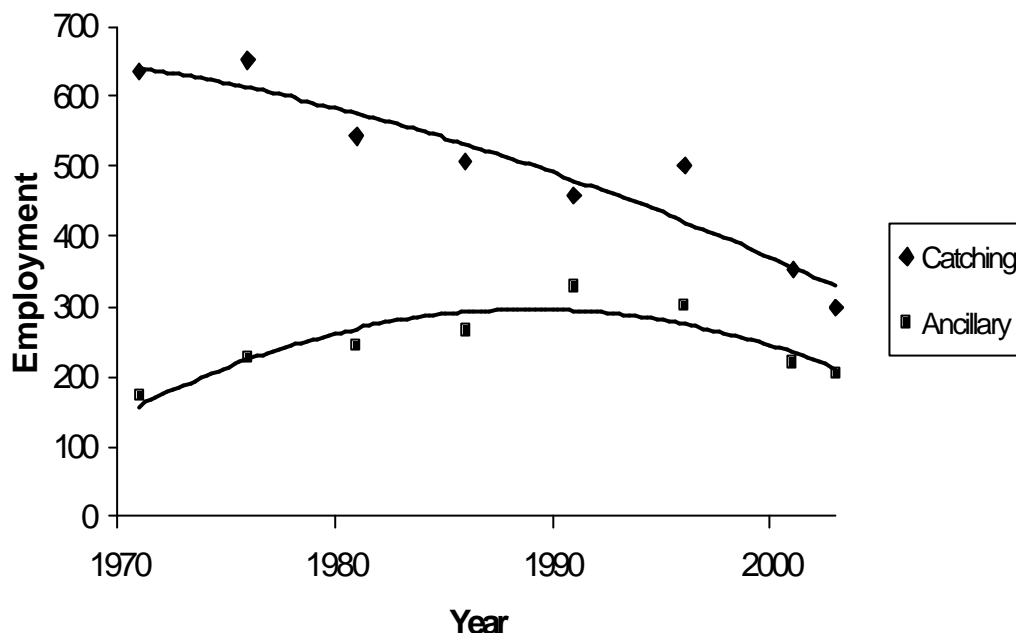
If the status quo remains, this trend can only continue. Moreover, the recent switch of government financial support to single farm payments may decrease agricultural production numbers on the islands even more.

It has been estimated that the equivalent of 1200 beef carcasses are consumed each year on Shetland, yet in 2006 only around 40 were from Shetland. Restaurants, distributors and public institutions report difficulties finding consistent Shetland beef sources of suitable quality and quantity.

Representatives of the Shetland Livestock Marketing Group report that efforts to promote the Shetland Lamb brand as a high quality finished product are being held back by a lack of producers willing to finish lambs, as opposed to selling them live for finishing on the Scottish mainland.

The fisheries sector in Shetland has had its fair share of successes and problems. Since the 1970s, however, the positive impact on the local economy by the sector, in terms of employment at least, has steadily declined. Figure 3.3 illustrates this in terms of both direct and ancillary employment figures.

Figure 3.3: Employment in the Shetland Fishing Industry



Source: SIC (2005)

Moreover, landings of high value white fish have fallen significantly over recent years. Without the lower value pelagic fisheries, the sector would have been devastated.

The islands also suffer from a lack of other associated infrastructure resources. Product development facilities are scarce, particularly outside of the fisheries. There is neither the equipment, expertise nor the provision of support for producers to seek these facilities elsewhere. Shetland College, for example, only have basic kitchen facilities.

As a result, the retail and food service sectors have witnessed a decline in the quantity and often quality of much of the island's natural produce over recent decades. In 2004, a survey by the consultants George Street Research revealed that only 28% of local businesses and 56% of local people and visitors agreed with the statement that 'food in Shetland restaurants is as good as anywhere else (GSR, 2004)..

Chasing Commodity Markets: the Treadmill Illusion

So why has the food sector in Shetland evolved in this direction? In common with agriculture in many other areas of the UK and the western world in general, Shetland food has been swayed by the appeal of commodity food. When given the choice, the Shetland food sector as a whole has moved towards products of a high volume, low unit value philosophy. This applies as equally to producers, providers (restaurants, shops, schools etc) and consumers.

It has become increasingly clear in recent years that these alignments to mass production systems are problematic, as we saw in section 1. The consumer lurch towards low cost food has come under

growing scrutiny through issues such as childhood obesity and health problems associated with a diet based around nutritionally unbalanced processed foods. Providers such as shops, restaurants, wholesalers and the public caterers have, of course, reacted similarly, being both influenced by producers and consumers and themselves influencing these groups through the effects of their own cost minimisation pressures.

In a production sense, this is particularly evident in regions without a natural agricultural endowment that have slowly found themselves unable to compete with more productive regions whose cheap goods are freely available on international and national markets.

Increasingly, stakeholders in this system are coming together, either as groups of producers or consumers or procurers, or as entire localities, regions and, yes, islands, to attempt to move away from cheap food and commoditisation.

Localities that concentrate on producing few standardised, value driven products risk being marginalised by the distant markets they are attempting to be part of. Producers in these areas are finding themselves in markets where margins are forever tightening; notwithstanding short-term peaks and troughs which may mask longer-term trends. This is known as the *commodity treadmill*.

As an example, a recent deal to supply approximately 20 000 Shetland lamb to southern Italy, whilst attractive in the short term, represents an attempt to retain the product in a commodity market. High volume low cost agreements of this nature may not be in the long-term interests of the islands' producers if the sector cannot deliver the required stock volumes whilst retaining margins to both processors and producers.

The problems experienced by the Shetland salmon sector in 2003 / 2004 provide a pertinent example of the pitfalls of following mass-market strategies. Sustained low commodity market prices combined with an untimely health scare led to the collapse of local businesses and a significantly reduced output.

The answer for many is increasingly to shift emphasis away from low cost and towards products that trade on qualities that distinguish themselves from others in the market and therefore add value. Such trends can be clearly observed in the Shetland farmed fish sector with the introduction of organic products. As section 1 of this report highlighted, *de-commoditisation* is increasingly developing hand in hand with *re-localisation*. Such is the nature of food production that many of the qualities that constitute valued products are intrinsically linked to place, i.e. the locality of production.

Fortunately, Shetland is extremely well placed to take advantage of provenance (place linked qualities for food production). The pure and natural elements that surround the islands, combined with its image of remoteness and being unspoilt present a multitude of opportunities for food producers to incorporate place linked quality element and to take advantage of the changes in attitudes to food production and consumption that were outlined in section 1.

The long-term sustainability of the sector depends on people buying Shetland products because they are from Shetland and contain the positive qualities that people, both locals and others, associate with the islands.

Regarding novel products such as organic cod and seaweed lamb, emphasis should be put on embedding 'Shetland ness' into these products in the mind of consumers (and, equally importantly,

industry buyers). This involves building strong associations between the products and Shetland through marketing and PR means, ideally with producer buy in. EU PDO, PGI and TSG quality marks are tools that should not be underestimated for their value in creating a sustainable future for quality products through raising their status, ensuring their quality and providing legitimacy. At the moment, however, there is little demand, outside of Lamb, for Shetland products with inherent Shetland qualities.

Lack of Strategic Direction and Cooperation

The adoption of (industry led) food strategies in regions and small nations across Europe is increasingly common. In the UK, the likes of Orkney and Wales have adopted food sector development strategies that bring together both the public sector and producers (See Box 3.1)

Box 3.1: Regional Food Strategies in the UK

Orkney:

In 2001, Orkney Islands Council, Orkney Enterprise and Orkney Quality Food and Drink Ltd drew up a 5 year blue print for the development of the islands food and drink sector. Among its aims were to raise the total value of the sector by approximately 30% over 5 years, to increase the diversity of Orkney food and drink products, and to drive up standards through the adoption of best practice (HIE, 2001).

Wales:

The Welsh Agrifood Partnership was set up in 1999. It represents an innovative partnership between a broad variety of stakeholders within the Welsh food and agriculture sector including businesses, farming unions and the public sector. Among its aims are to assist better coordination between producers, processors and other supply chain members, to encourage the development of new products and to oversee a sophisticated marketing approach for Welsh food both in and beyond Wales (WAG, 2007).

Eastern Regional Food Initiative:

A relatively new initiative, set up in 2005, the Eastern Regional Food Initiative, based in the East of England is another industry – public sector – third sector partnership that aims to promote the region's food sector through cooperation, strategy development, the encouragement of innovation and making the sector more attractive to new entrants (ERFI, 2007).

There is an urgent need for coordinated support and joined up thinking from all levels of the public sector. Examples such as Shetland Council's £¾ million investment in a production facility at Wall's bakery, only for them to continue to source their bread from mainland Scotland, are examples of what not to do.

Of course, there are bigger issues that could be addressed such as the feeling that the strong public sector (particularly in wage terms) tends to absorb natural talent among Shetlanders who want to stay or return to the islands. Skills based sectors such as food and agriculture particularly suffer as a result.

Cooperation in the agricultural sector has traditionally proved to be difficult. Similarly in the fisheries, problems with cooperation in activities such as marketing has held the sector back.

This relates to the findings of a Shetland skills survey for the hospitality, tourism and service sector produced by the consultants George Street Research in 2004 (GSR, 2004), which found a lack of service tradition in Shetland that, it was concluded, stemmed from a history of self-reliance on the islands. Self reliance implies a lack of emphasis on cooperative gain in an economic sense.

*MAKING PROVENANCE PAY:
THE LOCAL FOOD CHALLENGE IN SHETLAND*

As the 2004 DEVA report on Shetland's food and drink sector highlighted (DEVA, 2004), there seems to be a lack of awareness and appreciation of food related industries on the islands. Many 'producers' such as crofters and fishermen fail to recognise themselves as part of the food industry. This deficit seems to embody the failure of the sector to develop a unified identity.

Having identified some of the key weaknesses in Shetland's agri-food sector, we now turn to consider an alternative to the business-as-usual scenario.

4. Tapping the Potential: The Green Island

Shetland received a lot of positive publicity in 2006 on two separate occasions. In August it received an accolade which place-marketing managers dream about when a quality of life survey found that Shetland was the best place to live in Scotland and the 11th best in the UK (The Sunday Herald, 2006). Then, in December, the islands were named as the third best place in the UK for local food producers, giving Shetland a profile that no amount of self-promotion could ever achieve (The Shetland Times, 2006). This positive association between *place* and *product* must be developed if Shetland seriously wants to become a clean and green island.

A positive association between quality of place and quality of produce is also one of the keys to unlocking the potential of higher value forms of tourism, like eco-tourism for example, where visitors want to sample good quality local food and drink whilst they enjoy the unique landscape that Shetland has to offer. This is what remote and fragile rural regions in the EU have been doing for some time, so Shetland urgently needs to catch up with good practice elsewhere (Countryside Agency, 2006).

In this final section the aim is simply to focus on practical actions within the agri-food chain that could help Shetland to realise its ambition of becoming a greener, more sustainable and more profitable local economy. Drawing on the face-to-face discussions that we held with key players in Shetland's agri-food chain in August 2006, and using our knowledge of remote and rural regions elsewhere in Europe, we believe that the following 5 issues need to be addressed as a matter of urgency:

- More effective food chain *partnerships*
- More provenance-focused *product* strategies
- More *local processing* infrastructure
- More sustainable *public procurement* policies
- More targeted *market-making* strategies

Although these are highly sensitive issues, they have to be faced fairly and squarely because free and frank debate is a critically important part of the process to which regions have to submit themselves if they aspire to be innovative and sustainable communities (Morgan, 2004).

More Effective Food Chain Partnerships

At a time when retailer-led food chains exert more and more control over the agri-food sector in the UK, it might seem that small producers and rural regions can do little or nothing to shape their own destiny. But nothing could be further from the truth – *providing* they are able and willing to collaborate to find joint solutions to common problems and work together for mutually beneficial ends. In organisational terms two weaknesses stand out in the Shetland food economy - the weak ethos of collaboration (particularly in the livestock sector) and the under-developed sense of shared destiny in the wider food chain (particularly between producers, food service outlets, retailers and public canteens).

To the innocent outsider, the *lack of collaboration* among producers seems to be most apparent in the livestock sector, where there is enormous potential for Shetland to establish itself as a high quality

brand of lamb, mutton and beef. The formation of the Shetland Livestock Marketing Group (SLMG) in 2003 was an important organisational innovation because it created a new framework for producers to learn to work together, to find joint solutions to common problems, and to collectively raise the quality and the profile of their product. This is precisely what innovative, quality-driven producer groups are doing in Europe today (Morgan et al, 2006).

However, it is deeply regrettable that the vast majority of Shetland's livestock producers - some 70% of the total - have refused to join the SLMG when the cost of membership is low and the potential benefits are high. Despite the fact that the SLMG has won two national awards for its lamb brands, and despite the fact that its strategy chimes with good practice elsewhere, its work is being stymied by lack of resources, which reflects its weak membership base. Since the status quo is not a viable option for the future, the funding, the membership base and the management structure of the SLMG need to be re-examined with the aim of putting the group on a firmer footing. The main rationale for producers to become members is very simple - they can achieve far more by working in concert than by working separately.

The lack of collaboration is not confined to livestock producers. From farm to fork there is little or no sense of *shared destiny* in the food chain, and this is reflected in the membership of the Shetland Food and Drink Group (SFDG). Formed in 2005 the SFDG is another important organisational innovation in Shetland's food economy. Its aims and objectives are highly laudable because, among other things, they consist of the following:

- To develop and promote Shetland's food and drink as premium high quality products and maximise the economic benefit from cooperation in Shetland's food and drink sector
- To network on food and drink related issues within and outwith Shetland
- To promote the availability of local produce to both an internal and external market (Shetland Food and Drink Group, 2005)

One of the main problems with the SFDG is not its aims and objectives but its membership base, which is small and skewed to the producer end of the food chain. Although it is open to all sections of the food chain, it does not currently embrace the important players at the consumption end of the chain, like food service and retail companies for example. Building a more representative membership base from across the food chain ought to be one of the main priorities in the short term. To do this the group will need to employ a full time food and drink officer.

Aside from its skewed membership base, the most common criticism of the group from the consumer end of the food chain was that it needed to do more to inform the food service sector about the availability of local produce by designing an up to date food directory that would indicate how and where it can be sourced. As one major figure in the hospitality sector put it - 'you can't expect local outlets to sell a local product which hasn't been marketed'.

These problems of collaboration are well known locally, and they have been highlighted on many previous reports. In 2004, for example, a report on Shetland's food and drink sector came to the same conclusion, saying:

'The potential exists for industry to work more closely together to develop and market its products internally, in the UK and globally. Such an initiative must be industry-led from within Shetland and cannot be imposed from the outside' (Deva, 2004)

The perennial nature of this problem means that it needs to be addressed as a matter of urgency because business opportunities at home and abroad are being lost to the Shetland food and drink sector despite the quality of its local produce. Needless to say, the outside world is not waiting for Shetland to get its act together.

More Provenance-Focused Product Strategies

Like many remote rural regions, Shetland can never hope to compete on price in commodity markets - and nor should it try to do so. The scale of Shetland's producers, the nature of its climate and the character of its landscape all point to one inescapable conclusion - that *provenance* rather than price ought to be the common thread running through its product marketing strategies. Although the details will vary according to the product in question - be it salmon, cod, lamb, beef or mutton for example - the principle will be the same: in each of these product markets discerning consumers are increasingly interested in *where* their food comes from and *how* it is produced. Provenance-focused product strategies mean that producers have to tell the story of their product - and this story will revolve around the producer, the farm, the natural environment, the traceability trail and so forth, along with an internet address where consumers can access more detailed information if they wish.

The history of Shetland salmon and cod can be read as a shift away from basic commodity status to more provenance-focused marketing strategies. Conventional salmon farmers, for example, branded their product as a *Shetland* product rather than a generic Scottish product because this allowed them to harness the place to sell the product - and *Farmed in the Wild* is a brilliant example of provenance-focused marketing. The smaller, locally-owned salmon operations have converted to organic standards, taking the provenance theme a step further. Although there are real tensions between conventional and organic salmon producers, the important point to note is that both types of producer are using provenance-based stories to market their products.

Provenance-focused product marketing has been taken to a new level in Shetland by Johnson Seafarms, the world's first producer of organic cod. While there are some transferable skills between cod and salmon production - like on-farm skills for example - the similarities are outweighed by the differences. In economic terms the biggest difference is the cost structure, which is much higher with cod production, not least because the production cycle is 26 months compared to 12-14 months with salmon production. Acutely aware of the ecological concerns about farmed fish, Johnson Seafarms have consciously sought to learn from the problems of the early salmon producers, many of whom were reluctant to engage with the public about provenance issues. As the pioneer of organic cod, Johnson has pro-actively sought to work with a wide array of bodies to establish its ecological credentials, including:

- Scottish Natural Heritage
- Scottish Environmental Protection Agency
- Marine Conservation Society
- RSPCA
- SSPCA
- RSPB

- Organic Food Federation
- The Soil Association

Johnson's provenance-focused product marketing strategy revolves around the simple, but inspired *No Catch* strapline, which aims to convey two messages in one. There is no 'catch' in a literal sense because the cod is harvested in farms not caught in the wild and, secondly, there is no 'catch' in ecological terms because everything that could be done to produce organic cod in a sustainable manner, has been done. As Johnson says on its website - 'No Catch cod provides a viable and natural solution to wild cod fisheries' (see www.nocatch.co.uk). This ecologically-conscious approach is the only viable strategy in a sector like aquaculture, which continues to generate a heated debate about the ethics of fish farming (Field, 2006; Raven, 2006).

Provenance-related themes are also playing an increasingly important role in Shetland's livestock sector as we saw in section two. However, Shetland is very much a follower than a pioneer of good practice in this sector, trailing way behind the likes of Wales and Orkney.

Ten years ago Welsh lamb was being sold as part of a generic British lamb brand, whereas today it is selling as a locally-branded premium product in domestic UK markets as well as in discerning markets like Italy, with the Middle East and China the key targets for the future. The success of Welsh lamb as a locally-branded premium product owes much to the efforts of Hybu Cig Cymru (Welsh Meat Promotion), which uses levy money from Welsh farmers to vigorously market lamb and beef at home and abroad. On his return from a marketing tour of the Middle East, the Rural Affairs Minister, Carwyn Jones, said what impressed the buyers most 'was the fact that we had such high standards and it was the standard of abattoirs that clinched it. They came to see one and said it was the best in the world' (Dube, 2006). Geographical origin is important of course, but provenance also embraces methods of production and processing, as the Welsh lamb story demonstrates.

Shetland livestock producers have another example of good practice much closer to home - in the shape of Orkney Island Gold. The highly successful brand of beef and lamb owes its success to a number of factors. A strict selection system coupled with traditional maturing and cutting processes are highlighted in its marketing literature, plus the fact that 'all meat is 100% traceable back to the Orkney farm of origin and a "Certificate of Authenticity" to this effect is supplied with EVERY delivery - not merely as a one-off'. However, the success of Orkney Island Gold reflects a long process of collaboration among producers, processors and promoters, as well as a branding effort that dates back to 1990 (Clarke, 2004).

Livestock producers in Shetland can learn a lot from the experiences in Orkney and Wales and the SLMG would do well to distil the lessons from these successful exemplars. Equally important lessons can be gleaned from France, where the Bleu Blanc Coeur (Blue White Heart) network, that links together and brands products that have a natural source of Omega-3, the fatty acid. By feeding their animals with linseed, for example, French lamb farmers aim to raise the level of Omega-3 and market the product in terms of its enhanced nutritional value.

All these examples illustrate one of the most significant trends in the agri-food sector today – that is, the increasing significance of provenance-focused product strategies. As Box 4.1 illustrates, Shetland has strong latent potential in this area, and the islands' natural environment makes it an ideal location

to benefit from this trend. But tapping the potential of provenance requires good infrastructure as well as outstanding landscape.

Box 4.1: The Potential for Reviving Traditional Shetland Foods

Across Europe, far sighted entrepreneurs are reviving traditional foods that were lost from regions and localities in which they were once popular. In Wales there are two prominent examples; Caerphilly Cheese, Welsh Whisky both of which have received widespread acclaim.

Potential along these lines exists for reviving traditional smoking, salting, wind-drying techniques for lamb. Could be adapted to modern legislative demands through technological solutions. Vivda consumption is still popular in the Faroes Islands and similar products exist across Scandinavia. The Shetland Livestock Marketing Group is currently investigating the possibilities of reintroducing this product to the Islands.

Much more could be made of distinct Shetland assets such as the abundance of landraces, some of which are more known than others but all of which have potential to distinguish the Shetlands, both in culinary terms and broader tourism and brand image terms. These species encapsulate some of the most positive and distinct aspects of the Shetlands, such as its remoteness, the degree to which the climate shapes the land, Scandinavian heritage etc. As well as native Breeds of sheep, cattle and horses, Shetland has also given the world Shetland ducks, geese and pigs. Unfortunately the Shetland pig breed is thought to have been lost.

Shetland Black Potatoes

Shetland Black Potatoes are kidney shaped potatoes with dark blue or black skin. Their distinct taste and floury texture has made them a speciality among potato experts. The variety is thought to have been bred on the islands during the 19th Century although it was only registered as an official variety in 1923. It maybe on the cusp of a renaissance as interests in rare breeds continues to grow.

Shetland Cabbage

Shetland Cabbage is believed to have been cultivated on the islands since the 15th Century. It is traditionally grown within dry stone enclosures known as 'plantie-crubs'. (Scholten et al, 2004)

Shetland Oats

Variety of small Oats, first recorded in the 17th Century. Still grown for feed. (Scholten et al, 2004)

Shetland Duck / Goose

Although very rare, the Shetland Duck and Shetland Goose are both kept by rare breed enthusiasts.

More Local Processing Infrastructure

Remote and rural regions are often locked into the commodity treadmill because of one thing above all else - they lack a locally-based processing infrastructure to add value to their products. Where primary producers are denied access to local processing facilities, most of them will be condemned to remain basic commodity producers. Although Shetland is not totally devoid of processing facilities, these are wholly inadequate to current needs let alone future aspirations. In our view the lack of local processing infrastructure has reached a crisis point in the livestock sector, therefore we make no apologies for using this sector to illustrate the larger issue.

The crisis is most acute in the cattle sector, where SLMG was forced to suspend its beef trade in the early part of 2006 on account of processing issues with the Boddam abattoir. As a result the number of carcasses processed in Shetland fell to just 40 locally-sourced animals, probably the lowest count since records began. Current production and consumption trends are not a good advertisement for the local food sector because, of 1200 beef carcasses consumed by Shetlanders every year, some 1125 come from Scotland, Ireland and South America.

At present there are just two working abattoirs in Shetland – Laxfirth for sheep and goats and Boddam for cattle, sheep and pigs – so there was no alternative open to SLMG other than what it did: namely to cease trading in the short term in the hope of putting the business on a quality footing in the long term. The situation cries out for a new slaughter facility and we understand that this is under consideration at present.

Creating new processing infrastructure in remote and rural regions faces the same barriers throughout the European Union. On the one hand the private sector is reluctant to take the risk because throughput may be too low to generate a sufficient return. On the other hand the public sector feels constrained to take the initiative because it does not want to fall foul of EU state aid regulations, the aim of which is to prevent unfair competition. One way out of this vicious circle is to think of an abattoir as a public good, which justifies itself not in the narrow sense of showing a return on its own operations, but in the wider sense of allowing local producers to add value to their products – added value that stays in the local community rather than leaks to processors in other areas. If Shetland can make the case for a local processing facility in terms of a public good, it will have rendered a service not just to itself but to remote and rural regions all over the European Union, many of whom are unable to bear the burden of a narrowly-conceived financial viability test.

With the tightening of Live Animal Transport Legislation there is an additional argument for the finishing of more local stock locally to avoid the export of livestock and the importation of meat. In other words, the case for more locally-based processing infrastructure can be justified in a number of ways - animal welfare, rural development, one planet farming to name just three – and Shetland will find that it is not an isolated voice in the EU if it challenges the conventional wisdom about state aid rules in fragile regions.

More Sustainable Public Procurement Policies

One of the greatest paradoxes of economic policy in the UK – a paradox that applies to central and local government alike - is that public procurement policy has been treated as a Cinderella function, when in reality it is the most powerful lever at their disposal. The total public procurement budget in the UK amounts to some £150 billion per annum, yet central government has only recently woken up to its potential, while large swathes of local government still treat it as a Cinderella function. Local authorities will find it difficult to fashion sustainable communities if they are unable or unwilling to harness the power of public procurement (Morgan and Morley, 2006).

In Scotland the total public procurement spend in 2006 amounted to some £8 billion, of which local authorities accounted for £2.3 billion. Despite the fact that Scotland has one of the largest public sectors in the European Union, it has neglected public procurement along with the rest of the UK. A recent audit of public procurement policy in Scotland came to some very unflattering conclusions:

- There are still many weaknesses in resources, skills, organisational structures and practices, all of which militate against even minimum standards and the current situation does not provide a good foundation for the pursuit of Best Value. These weaknesses are incompatible with good governance and need to be addressed urgently, especially as regards new investment in skills
- Only 12 of Scotland's 32 local authorities collaborate on public procurement as members of the Authorities Buying Consortium (ABC) based in Paisley. Though a good example of

collaboration, less than 20% of the total spend of these authorities is channelled through the ABC

- Best practice procurement policies, though often recognised in principle, are not extensively adopted in practice, so that exemplar organisations tend to remain ‘islands of excellence’
- The lack of suitably qualified professional procurement skills is a pervasive problem, with just 250 suitable qualified professionals in the Scottish public sector, when at least twice that number ought to be in place. Exemplary organisations have approximately one procurement professional per £15 million of spend
- There is widespread uncertainty as to how sustainability should be factored into tendering and award procedures, and how suppliers and their practices should be addressed (McClelland, 2006)

These weaknesses were said to apply to most public bodies in Scotland, therefore we can assume that they apply to Shetland as well. Currently a laggard, then, Shetland should aspire to be a leader in sustainable public procurement because it has much to gain and nothing to lose. To be fair the SIC is aware of these problems and it is keen to deploy its procurement budget more effectively – for example it already has a Procurement Strategy Project Board (chaired by Chris Medley, Head of Capital Programme and Housing Service) and a corporate procurement strategy has been identified as a key priority in the Council’s Corporate Improvement Plan. However, this new corporate procurement strategy will stand or fall on three factors above all others:

- the urgent need for more professional procurement skills, without which it is impossible to design and deliver more locally-supportive public contracts
- the need to identify and disseminate good practice across the public sector, a process which does not happen of itself because good practice is a bad traveller
- the need for stronger political leadership, without which officers will have little or no incentive to innovate (Morgan, 2007)

More locally-supportive public procurement policies could provide a significant boost to the local food sector. Many local authorities throughout the UK have lacked the competence and the confidence to use procurement in this way, hence the pervasive tendency ‘to attribute to EU legislation the reasons for not being able to achieve Best Value’ (McClelland, 2006:33). If public bodies lack the professional skills to apply whole life costing methods in their contracts, there is a danger that low cost will continue to impersonate best value. This low cost contracting culture is being challenged by innovative public bodies in the UK - like the NHS in Cornwall and the school meals service in East Ayrshire for example - and Shetland needs to do the same if it seriously wants to harness the power of the public plate to promote the use of locally-produced food in schools, hospitals and care centres.

Shetland’s public procurement officers need to engage with producers, distributors and health professionals if they are to create a more sustainable local food system. Procurement officers complain that local producers are not pro-active about getting their products into the public catering sector, and that they are deterred by delivery and logistical problems. To overcome these problems the school meals service uses the three wholesalers for distribution purposes, to ensure the service

covers the whole SIC territory. Much more could be done here if producers and wholesalers had a better dialogue with each other, and the SIC should take the lead in facilitating this exchange.

Although sustainable procurement is a complex subject, where the devil is in the detail, it is important not to lose sight of the big picture – that locally-produced fish and lamb are rich sources of Omega-3 fatty acids and these highly nutritious products ought to be utilised and justified in terms of the health dividend more than anything else. The fact that there is a local economic dividend is also important of course, creating a double dividend through sustainable procurement (Melchett, 2005).

Shetland's political leaders cannot reasonably expect the private sector to utilise more locally-produced food if the *public* sector has been unable or unwilling to put its own house in order.

More Targeted Market-Making Strategies

The food service and retail sectors ought to be prime targets for Shetland's local food sector. With notable exceptions, however, very few of them are doing much to support it. Prominent among the exceptions is Monty's Bistro, which was named as the best restaurant in Lerwick in the most recent edition of the Rough Guide to Scotland. In fact it is the only restaurant in Lerwick to be awarded a Rough Guide top recommendation, and the Guide made a point of criticising Lerwick's hotels and pubs for not using fresh local produce. One hotel that is trying to introduce more local produce is the Queen's Hotel (as we can see from Box 4.2), which believes that the future of the hotel business is about offering 'local food with provenance and traceability'.

The main complaint from the food service sector is that it never knows what's available, which suggests that producer associations – like the SLMG and the Food and Drink Group – need to become much more pro-active about keeping these key clients aware of the changing local food offer through the seasons.

The retail sector may be a tougher sector to penetrate in the short term, partly because the stores in Shetland tend to trade on price rather than provenance, and partly because local producers do not yet collaborate enough to ensure consistency of supply. As we saw in section one, however, the multiple retailers are going green and this may offer an important market-making opportunity for local food suppliers.

Market-making opportunities also exist in and beyond the UK of course, and this is where Shetland's top quality producers of seafood and red meat are mainly focused. If these markets are to be addressed more extensively then Shetland may need to think of a body with a remit like Hybu Cig Cymru in Wales, which has been very successful at targeting overseas markets, not least by getting Welsh lamb into Roman school meals, the most quality-conscious public catering service in Europe (Morgan and Sonnino, 2007).

Box 4.2: Local Produce at the Queen's Hotel

Shetland Mussels with Garlic and Cream
Grilled Queens with Chilli and Ginger Butter
Trio of Shetland Smokehouse Smoked and Cured Salmon
Wild Mushroom Risotto with Truffle Oil (v)
Reestit Mutton Soup

~~~~~

*Honey and Yoghurt Pannacotta with Fresh Fruit Salad*

~~~~~

Shetland Mutton Chops on Root Mash with Rosemary Jus
Grilled Shetland Lobster: Garlic Butter and Crisp Green Salad
Shetland Seafood Platter with White Wine Sauce
Shetland Fillet Steak with Roast Shallot Mash and Vegetables
Creamy Shetland Vegetable Pie (v)
All served with Tatties and Veg

~~~~~

*Chocolate and Orange Torte with Sour Cream*  
*Cranachan*  
*A Selection of Blue Coo Ice Cream*

~~~~~

Cheese and Port

Another important target market for Shetland's local food sector is tourism. Although tourism is going to become a much more important economic sector, much more needs to be done on to enhance the local return from it. One of the perennial complaints of tourists, according to the hospitality sector, is that they cannot find enough local food products. This problem needs to be addressed as a matter of urgency because the tourist demand is likely to be boosted by the launch of the Shetland Indigenous Food Trail, which is designed to showcase local produce to an international audience as we can see from Box 4.3.

Although it is an excellent idea, the Indigenous Food Trail could actually exacerbate problems if it creates a demand that cannot be satisfied. This highlights a point that applies to the whole *market-making* issue – that demand-side initiatives need to be calibrated with supply-side measures, otherwise there is a real risk of raising expectations that cannot be met.

Box 4.3: Isles to Promote Indigenous Food

A **NEW** food trail aimed at promoting traditional Shetland food products is being set up in the isles.

The Shetland Crofting Farming and Wildlife Advisory Group (SCFWAG) has developed the Shetland Indigenous Food Trail to showcase local produce to an international audience when it is launched next year.

The project is one of the hundreds of events taking place as part of Highland 2007 – the year Scotland celebrates Highland Culture.

Shetland Enterprise has provided £2,612 towards the project with Shetland Islands Council providing matched funding.

Participants who have already signed up for the trail from countries ranging from Norway and Germany to Malta and Ireland will visit a number of farms and crofts in Shetland to see and learn for themselves the diversity and quality of food on offer.

It is hoped the food trail project will help strengthen links between these countries and Shetland by exchanging knowledge and understanding about the food on offer.

The environmental significance of the production, culture, customs and food ecology will be explained on the crofts by local SCFWAG advisors, as well as local crofters and farmers themselves.

The visits will also coincide with the Johnsmas Foy and the farmers for Nature Transnational Conference which delegates will also attend whilst in Shetland.

SCFWG chair Hazel McKenzie said "We hope to give visitors a real croft to plate experience with all meals provided to our international guests being made using local produce.

"An evening supper will include local music to ensure the strong links between Shetland food and its traditional way of life and customs are highlighted.

"The event will also provide a lasting legacy in that a cultural food almanac will be produced to inform visitors about local produce which will provide them with contact numbers of local food producers."

Sarah Johnston, from Shetland Enterprise, said: "The Shetland Indigenous Food Trail will help promote local produce, music and the farming and crafting heritage throughout Shetland during Highland 2007, the year that celebrates our rich culture.

"Food is a valuable sector to the Shetland economy and forging international links will help promote it and therefore add value in the longer term."

SIC agricultural development officer Jon Dunn added: "Shetland Islands Council is pleased to support this initiative, as it promises to bring to the attention of a wider audience the top quality food produced throughout Shetland.

"We hope that this event will also serve to inspire folk closer to home to take pride in the food produced here and to make the effort to buy local whenever they can."

Source: The Shetland News (29 November 2006)

Looking Ahead: The Agents and Prospects for Change

The actions that have been identified here raise two questions that only Shetlanders can answer – who are the agents of change and what are the prospects for change? In the past there is no doubt that the Shetlands Islands Council (SIC) has been the main agent for change, and it can take a good deal of credit for the high quality of life in the islands today. However, the SIC's role is not without its critics, especially in the local business community, who charge that its dominance is such that it crowds out the private sector, leaving little or no room for private or third sector initiative. As the major employer the SIC clearly wields an influence which is far more pervasive than local government in most other parts of the UK. Whatever the rights and wrongs of its role in the past, the SIC now needs to invent a new role for itself, one which involves doing less and enabling more.

In the field of economic development, for example, the SIC has had to reconsider its role in the light of advice from its external auditors about 'following the public pound', which had major implications for how it works, for the objectives it sets for others and for the governance arrangements it has with connected bodies such as the Shetland Development Trust. Although these developments were triggered by complaints that SIC was in breach of EU State Aid rules, the Council is now satisfied that its activities comply with these rules. Despite these difficulties, the SIC has decided 'to continue to invest in the local economy and to facilitate the private sector to develop a breadth that has been lacking in the past and to bolster the underlying fragility of the Shetland economy' (SIC, 2004).

In other words the SIC needs to, and indeed wants to, develop more judicious partnerships with the private sector because it does not have the business acumen that is necessary to launch and support new products, to scope new markets and to forge commercial networks in the agri-food chain. In short, the SIC should do what it does best – to provide infrastructure, public services and coordinate the elements of the Green Island strategy. A balanced public-private partnership lies at the heart of all the successful agri-food strategies in the European Union and Shetland would do well to emulate this model. A new mode of governance is required, one in which the SIC does less and enables more. This may be easier said than done and we recognise that there are some enormously sensitive issues in this regard but, to reiterate a point made earlier, Shetland needs to have a free and frank public debate on this issue.

As to the second question, concerning the prospects for change, this will not be resolved until the changes are actually underway. However, if Shetland seriously wants to become a 'Green Island' it will need to incorporate and build upon the good practice identified above. The necessary changes will not be made overnight, because the creation of local food chains is a process, not an event. Perhaps the most important point of all is to recognise that the status quo, buttressed as it is by the powerful force of inertia, is not set in aspic.

References

- Bevington P (2006) *Trust takes over Boddam slaughterhouse*, Shetland News, 01/09/06. www.shetland-news.co.uk/pages/news_stories/09_2006/trust_takes_over_boddam_slaughterhouse.htm
- CLA (2007) *Prime Minister launches CLA's Just Ask campaign - do you know where the food on your plate comes from?*, News Release 9/1/07, Country Land & Business Association. www.cla.org.uk
- CNN (2006) *FDA: no safety labels needed on cloned food*, CNN.com. www.cnn.com/2006/health/12/28/cloned.food.ap/index.html
- Clarke, J (2004) *'Branding for Advantage'*, Orkney Marketing Services.
- Competition Commission (2000) *Supermarkets: A report on the supply of groceries from multiple stores in the United Kingdom*, Competition Commission, London.
- Countryside Agency (2006), *Exploration of the relationship between locality foods and landscape character*. Prepared for the Countryside Agency LAR by Land Use Consultants in association with Carol Trewin and Laura Mason. London.
- Crofters Commission (2005) *Annual Report 2004/05*. Crofters Commission, Inverness. www.crofterscommission.org.uk/documents/crofterscommisionannualreport2005.pdf
- Defra (2006) *Agriculture in the United Kingdom*, Defra, London.
- DEVA (2004) *Shetland's food and drink sector: workforce development plan and pestle analysis*. Deva Personal Development Associates, Kilmarnock.
- DTZ Piedad Consulting (2005) *Public sector food procurement in Scotland: incentives and constraints for buyers and producers*, Produced for Scottish Executive Environment and Rural Affairs Department.
- Dube, S (2006) *China's next as meat sales rocket in Italy, Middle East*, The Western Mail, 28 November 2006.
- ERFI (2007) *A strategy for the food & drink industry in the East of England – A summary*, Eastern Regional Food Initiative, Ipswich. www.erfi.co.uk/ERfi-strategy.htm.
- FARMA (2006) *Sector briefing on farmer's markets*. National Farmers' Retail and Markets Association, Southampton.
- Fenton A (1976) *Traditional elements in the diet of the Northern Isles of Scotland*, Scottish Country Life Museums Trust, Edinburgh.
- Field, M (2006) *Fish Farming's ethical hitches*, Bulletin of the Food Ethics Council, Spring Issue.
- Fish Update (2006) *Value of fish landed in Shetland rises by 50%*, Fishupdate.com News Item 27/09/06. www.fishupdate.com/news/fullstory.php/aid/5398/Value_of_fish_landed_in_Shetland_rises_by_50%25.html
- Food Standards Agency (2003) *Local food: report on qualitative research*, April 2003, Food Standards Agency, London.

- HIE (2001) *New recipe for Orkney food sector*, Highlands and Islands Enterprise, Inverness. www.hie.co.uk/Default.aspx?LocID-0finew752.RefLocID0fihiesv500b00d.Lang-EN.htm
- HIE (2003) *Shetland global connections survey 2002*, Highlands and Islands Enterprise, Inverness.
- GSR (2004) *Shetland LEF skills sub group report: skills survey hospitality, tourism and service sector service delivery and skills gaps*. George Street Research Ltd, Edinburgh.
- Leahy, T (2007) *Green Grocer? Tesco, Carbon and the Consumer*, Speech to Forum for the Future, London, 18 January.
- Marks and Spencer (2007) *Marks & Spencer launches "Plan A" - £200m 'eco-plan'*, Press Release 17/01/07. www.marksandspencer.com. www.2marksandspencer.com/thecompany/mediacentre/pressreleases/2007/com2007-01-15-00.shtml.
- Mason & Brown (2004) *Traditional foods of Britain: an inventory*, Prospect Books, Totnes, UK.
- Melchett, P (ed) (2005) *Double Dividend? Promoting good nutrition and sustainable consumption through healthy school meals*, Sustainable Consumption Roundtable, London.
- McClelland, J (2006) *Review of Public Procurement in Scotland: Report and Recommendations*, Scottish Executive, Edinburgh.
- Michaels S et al, (2006) *Best practice in sustainable public-sector food procurement*, Foodlinks UK / f3, Bath.
- Miliband D (2006) *"One planet farming"*. Speech by the Rt Hon David Miliband MP at the Royal Agricultural Show, Monday 3 July 2006. Defra Press Release. www.defra.gov.uk/corporate/ministers/speeches/david-miliband/dm060703.htm.
- Morgan, K (2004) *Sustainable Regions: Governance, Innovation and Scale*, in *European Planning Studies*, Volume 12 (6).
- Morgan K (2007) *Greening the realm: sustainable food chains and the public plate*, The Regeneration Institute, Cardiff University, Cardiff.
- Morgan K, Marsden T and Murdoch, J (2006) *Worlds of Food: place, power and provenance in the food chain*, Oxford University Press, Oxford.
- Morgan, K and Morley, A (2003) *School meals: healthy eating and sustainable food chains*, The Regeneration Institute, Cardiff University.
- Morgan K and Morley A (2006) *Sustainable procurement: from good intentions to good practice*, The Regeneration Institute / Welsh Local Government Association, Cardiff.
- Morgan K and Sonnino R (2007) *Empowering Consumers: the creative procurement of school meals in Italy and the UK*, *International Journal of Consumer Studies*, 31(1).
- NFU (2006) *Why food matters: what agriculture and horticulture mean to Britain*, National Farming Union, Stonleigh.
- Office of Fair Trading (2006) *The grocery market - The OFT's reasons for making a reference to the Competition Commission*, Office of Fair Trading, London. www.offt.gov.uk/NR/rdonlyres/1A2D7FA2-FEA3-4459-9B254A737A20023D/0/oft845.pdf
- Policy Commission (2002) *Farming and food: A sustainable future*, Policy Commission on the Future of Farming and Food, Cabinet Office, London.

- Raven, H (2006) *In Response*, Bulletin of the Food Ethics Council, Summer Issue
- Rayner, M (2002) *The Burden of food-related ill-health in the UK*, Agri-Food Network Paper, Sustain, London
- Scottish Consumer Council (2004) *Feeding the interest: A discussion of the potential benefits of the local food sector to the economy, environment, communities and health in Scotland*. Scottish Consumer Council, Glasgow.
- Scottish Executive (2005) *Scottish agricultural census summary sheets by geographic area*, June 2005, Scottish Executive, Edinburgh.
- Shetland Aquaculture (2007) *Statistics, Shetland Aquaculture*, Lerwick.
www.shetlandaquaculture.com/statistics
- Scholten et al. (2004) *UK national inventory of plant genetic resources for food and agriculture*, University of Birmingham School of Biosciences. www.grfa.org.uk/media_files/publications_plant/pgrfa_full_report.doc
- SFDG (2005) *Shetland Food and Drink Group Constitution*.
- Shetland Times (2006) *Food producers boosted as they receive UK accolade*, The Shetland Times, 8 December 2006.
- SIC (2004) *Economic Development – Funding Issues*, 10 May, Shetland Islands Council, Lerwick.
- SIC (2005) *Shetland in Statistics 2005*, No 32, Shetland Islands Council, Lerwick.
- SIC (2006) *Sustaining Shetland: monitoring social, economic, environmental and cultural trends*, Shetland Islands Council, Lerwick.
- Simmons J (1978) *A Shetland Cookbook*, Thuleprint Ltd, Sandwick
- SLMG (2006) *Trade winds: the newsletter of the Shetland Livestock Marketing Group Ltd*, Volume 3, Issue 1, May 2006. Shetland Livestock Marketing Group, Lerwick.
- Soil Association (2000), *Local food routes: A summary report of food futures*, Soil Association, Bristol.
- Sunday Herald (2006) *Want to have the best life in Scotland? Go to Shetland*, The Sunday Herald, 12 August 2006.
- Taste Shetland (2007) *Our Brands*, TasteShetland.com www.tasteshetland.com/brands/brands.php
- WAG (2007) *Welsh Assembly Government Agri-food Partnership*, Welsh Assembly Government, Cardiff.
new.wales.gov.uk/topics/environmentcountryside/food_and_market_development/Welsh_agri_food/Agrifoodptrshp/?lang=en
- WWF (2006) *Living Planet Report 2006*, WWF International, Gland, Switzerland.
http://www.panda.org/news_facts/publications/living_planet_report/index.cfm