VALE OF USK

FOOD HUB FEASIBILITY STUDY

Prepared for

Vale of Usk Local Action Group &
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ACRONYMS

AHDB – Agriculture and Horticulture Development Board

COC – Chamber of Commerce

DEFRA – Department for the Environment, Food and Rural Affairs

DIT – Department of International Trade

EU – European Union

Ha - Hectares

RSPCA – Royal Society for the Protection of Cruelty to Animals

SFEC – Shropshire Food Enterprise Centre

SME – Small Medium Enterprise

TB – Bovine Tuberculosis

TOR – Terms of Reference

USP – Unique Selling Point

WSPC – Welsh Perry and Cider Association

1. EXECUTIVE SUMMARY

Through extensive research, the Vale of Usk is clearly an area for great opportunities within the local food and drink sector. The region is a flagship for Wales, with the success of the Food Festival in Abergavenny, with excellent transport links into England, so to provide growth opportunities for businesses, and a foodie customer base, driven by the higher average wealth of the population.

Agricultural production is strong in the region, particularly in the sectors of beef, lamb and dairy. There is also growth within the poultry, pigs and goats sector. The horticultural sector has increased in size (ha) over the past 10 years, although there is little appetite from producers for a change in business direction towards entering this sector.

The main barriers experienced by those in primary production not adding value are:

- Lack of finance
- Additional legislation and regulation requirements
- Produce to high volume
- Lack of labour/skills and support facilities

Going forwards, the demand for locally produced food and drink in the region is undisputedly expected to increase. For producers that are already adding value to grow further, the demand is for:

- Processing and production space
- Business plans and start up
- Distribution
- Marketing and retail

Currently, there are many resources available to producers - both primary and those adding value. As such, our recommendations centre around both the signposting of these, and also the growth and development of new areas. The key areas for a food hub, if it was to be developed would be:

- Processing and production facilities
- Distribution/aggregation of products to customers
- Business support

Respondents through the primary research, reported that if a food hub was to be created it would operate better being managed by a private company. In our opinion, this would ensure that the business has to be economically viable, a key factor for any food hub, and the reason behind why many fail.

The establishment of any food hub will aid with the development of collaboration within the sector. As well as this, the supply chain should also strengthen, with producers and customers becoming closer and learning much more about one another.

2. INTRODUCTION

In March 2015, the Vale of Usk Local Action Group launched their LEADER 2014 – 2020 Development Strategy. The programme has five key themes, however, the Terms of Reference (TOR) for this project fit under:

"To identify pre-commercial rural enterprises, to engage through a rural mentoring network, business to business supply network, targeted towards sector specific beneficiaries".

The TOR also outline that the project will *"identify current provision of food from land to markets, identify and evaluate models for Food Hub activities in the UK and other countries, to ascertain the most appropriate solution for the Vale of Usk."* The study will also consider the issues highlighted above, with a view to incorporate viable solutions to these issues, where possible, into the most suitable food hub model (if appropriate).

We have undertaken the following process so to assess the options for the potential development of a food hub within the area:

– Review of the market

– Review of best practice

– Customer evaluation – how, what, respondents

– Consultation with food and drink businesses – how many

From the research, conclusions have been summarised, and recommendations for appropriate food hub options have been developed.

This report should be read in conjunction with the supporting documents report, which accompanies this final report.

3. FEASIBILITY OF A FOOD HUB

In this section we evaluate the current supply and demand of locally produced food and drink in the Vale of Usk. We also investigate, the barriers in place, and the support required to further develop the food and drink supply chain within the region. Supporting documentation, including both primary and secondary research can be found in the accompanying document.

3.1 Our analysis

We engaged with a range of stakeholders through a number of different methods with those involved in the food supply chain in the Vale of Usk:

- 15 semi-structured interviews (8 food producers, 5 stakeholders[1], 2 farmers)
- Survey to customers: foodservice; specialist food retail; farm shops (sent to c. 50 businesses, with 10 responses) – results in Appendix 6 (in the supporting documents report)
- Survey to food producers and primary producers (circulated through Farming Connect, Farmers Union Wales, and the National Farmers Union, with 30 responses) – results in Appendix 7 (in the support documents report)

This primary research, builds on the findings gained through the desk research, and understand the trends and demands from the agriculture, food and drink sector in the Vale of Usk.

3.2 Strengths of the region

The Vale of Usk is viewed by the majority of our respondents as being a fantastic location for those involved within the agri-food supply chain. This is driven by a wealthy population (though not in all areas), along with easy links to large English populations such as Bath and Bristol. This is an advantage over other areas of Wales, where the transport link is much longer. The region also has a strong heritage for food and drink. Many see Monmouthshire in particular, as being the food and drink county of Wales, with the flagship food festival a key driver for this.

The region also boasts a diverse range of businesses within the agri-food supply chain, from primary producers, to cottage industry and also specialist national and international suppliers. As businesses begin, they would typically target the local area, however, as they grow and develop there is the need to look to external markets to provide more opportunities. As such, many suppliers are selling throughout Wales and also to the West of England (Bath and

[1] Welsh Government, Cywain, Farming Connect, Food Assembly, Pamela Mason

Bristol), and also increasingly targeting and gaining a presence within London. Of course, there are also those micro businesses (such as those producing bakery only for markets, and small scale cider makers) that concentrate on successfully supplying to the local market.

In terms of agriculture, the dominate industries are: red meat; eggs; dairy; goats and beverages. Eggs and goats in particular have witnessed strong growth recently, with producers moving away from lower margin enterprises such as dairy, and using the buildings for other uses. The region is affected by TB, presenting a long term challenge to those operating in the cattle sector, and was found to be a driver behind some changing business direction.

The main product category that lacks supply within the Vale of Usk is fruit and vegetables. Whilst the cider market is viewed as being saturated, the actual production of the apples is very minimal, with processors, for example cider makers, pulling on the production from neighbouring counties, such as Hereford for apples. There are some fresh produce growers in the region, although the majority of these are on a small scale, selling produce at the end of farm gates, or for personal use, with only a small number doing it as their main enterprise.

According to farmers spoken to, in the mid 1990's, fresh produce production was much higher in the region, with many producing on a small scale for local greengrocers. However, the number of greengrocers has declined over recent years, and the dominance of the supermarkets in the retail market, means that high volumes, with strict specifications are now required.

The amount of mixed farms has been in decline, replaced by those focusing on one enterprise.

Agricultural production is also driven by the type and typography of the land available. As well as this, comparative advantage has become much more important. Here farmers consider what enterprises will yield the best margins from the resources available to them. Many areas of Wales lends itself well to beef and sheep production, with the animals being the most effective way of using the land, due to areas of steep gradients, and permanent grassland. As a result of this, this land tends to be valued lower, allowing beef and sheep production to be economically viable. This is in comparison to areas of Pembrokeshire and East England, where large, flat, rich soils are equipped well for arable or horticultural production. The land prices are also significantly higher, and so it demands enterprises that produce high margins.

The reasons behind the move away from the fresh produce sector have been identified as:

- Lack of affordable and available labour

- Lack of knowledge
- Lack of land and finance
- Not the volume/area to produce the volume required by retailers
- Topography/soil quality
- Not the appetite or incentive from farmers in the region
- Concentration on their strengths e.g. beef or lamb

There is the potential for the volume of fruit and vegetables to increase, both through the development of existing businesses and the possible entry of new growers. If pockets of available land were to be utilised for horticultural production, a coordinator would be required. Their role would be to ensure the rotation of cropping, contracts for the produce, the meeting of specifications, along with the management of packing, processing and distribution. The barriers of the industry are however high, and many of the farmers are increasingly looking at gaining efficiencies in what is currently produce.

3.3 Adding value to food in the region

It was unanimous amongst those engaged with during the project that the demand for locally produced food and drink is expected to increase in the future. It was also agreed, that the food and drink produced in the region is something to be proud of, and should be promoted more. A wide range of products on offer, include premium wines and charcuterie, to raw milk and cider.

There was a mixed response in terms of the level of current production. Some see there to be a wealth of food producers, with different sizes and type's food and drink production/processing businesses. Whilst others feel that despite a great amount of primary production, the amount of added value is relatively low. This is driven by the high financial barriers for beginning food and drink production/processing, and the lack of facilities available to support businesses.

The amount of beef, lamb and dairy produced in the region, far outweighs the demand for it in the region. However, this is something that is required to allow balanced supply through the UK and the rest of the world. Additional information is provided in section 2 of the support documents report.

Farms have become larger, with many moving away from mixed farming operations, so to increase efficiency and margins. This is echoed through processors, which have decreased in number whilst increasing in size. Over the last 50 years, the retail environment in the UK has also developed and changed. Consumers have driven the development of supermarkets, as a one stop shop for their grocery shopping, moving away from purchasing from a number of small specialist shops, such as butchers, bakers and greengrocers.

There is scope for increasing the amount of food and drink products produced in the area. Of respondents, 81% of our survey stated that they see the demand from consumers in the Vale of Usk for locally produced food and drink, will further develop in the future. This is due to some consumers becoming more aware of food miles, as well as BREXIT potentially causing customers to purchase more British produce. Whilst locally produced drinks, red meat and turkey are easy to access for customers in the Vale of Usk, the following categories experience a shortfall in supply:

- Bakery
- Fresh produce
- Processed dairy (milk, cheese, yoghurts)
- Pork

Whilst there is demand for more local food and drink products, it is important that the products are competitive on the shelf. Figure 1 below shows the demands that foodservice businesses have when purchasing food and drink, as well as the barriers to *'why they don't purchase more local food'*.

Figure 1: Barriers to purchasing more local food and drink, and drivers in purchasing

Why don't customers buy more local?	What is most important when sourcing food and drink?
1. Not the range of products available	1. Quality
2. Quality not good enough	2. Price
3. Not price compeitive	3. Availability
4. Distribution	4. Convenience
	5. Local

The key aspects of any food offering are quality, price and availability. The success of local food and drink businesses depend on this, as the local element of a food offering cannot be a substitution for quality, a substantial price increase and poor availability.

Whilst there are opportunities in the market for more local businesses to enter, the leading barriers to primary producers are:

1. Lack of finance
2. Burden from legislation and regulation
3. Produce to high volume for local market/want to concentrate on primary production
4. Lack of skills/labour and support facilities

There is scope for some of these barriers to be broken down through the availability of additional support. However, many primary producers do not want to add value, and see the amount that they produce as being too high to supply the local market. This was supported in interviews where local butchers are only capable of taking a few cattle per month, and the remaining amount to go to large, national processors.

3.4 Facilities currently used

As identified earlier, a barrier to those starting or increasing food and drink production is the availability of facilities, such as: incubation units; processing equipment; research and development testing; bottling. The lack of facilities is Identified by respondents participating with this project.

Respondents were asked to rate the resources that would be of most value to them, if they were to be available. The results were:

1. Processing and production space
2. Business plans and start up support
3. Distribution
4. Marketing and retail

Businesses were also asked what facilities they need to go outside of the area to use, these include:

– Slaughter house – beef

- Slaughter house – organic
- Butchery/meat processing
- Winery
- Cider pressing
- Bottling
- Food and drink production units

The availability of the Welsh Food Centres at Cardiff, Horeb and Anglesey were acknowledged, with Horeb and Cardiff the most popular. Whilst Horeb is viewed as a great resource, the distance is a barrier to producers using it more, with it being around 100 miles away. Cardiff, whilst helpful in terms of marketing, doesn't have the production space required by producers, such as incubation units or processing equipment.

Producers commonly mentioned the need for an abattoir in the area, as currently, there is only one in Raglan, and it cannot take cattle. Abattoirs are elsewhere accessible, with private kills accepted in Gloucester and Ross on Wye, allowing red meat to be produced if required. The feasibility of an abattoir is questionable, a respondent said that an organic abattoir had been investigated, and there would not be the throughput to make it viable.

In conclusion, there is a clear demand for processing facilities in the region. However, it is important that there is maximum utilisation for what currently exists before establishing and investing in new facilities, such as the use of the food centres in Horeb and Cardiff, as well as other options including:

- Co-production with existing businesses
- Working with the growth goals of established businesses
- Co-operatively financed and led production space

These are discussed in greater detail further in this report.

3.5 Available support

Before looking at what the food hub could potentially be, it is important to examine the support that is already available and the awareness and uptake of this.

As discussed, there is awareness of the Food Centres. More could be done to encourage the use of these by producers, such as signposting the resources available, funding the travel and the use of them. This is so to ensure that any existing support isn't duplicated.

Farming Connect is a valuable resource that is available to Welsh farmers. It is funded by the Welsh Government and the European Union, and aims to help rural communities, and provide support to agriculture and forestry in Wales. The uptake of this has been very successful, and farmers use it as *'a go to'* for support, advice and training. It is important however, to continue to publicise the resource that it provides.

Cywain, is a resource delivered through Menter a busnes. Through this they deliver an agricultural project which is dedicated to adding value to produce grown or reared on Welsh Farms. Assistance is provided to food and drink businesses, through helping to understand topics such as: supply chain; market trends; demand; and product development. A number of the businesses spoken to had used Cywain, however, there is much more scope for the use of this support that is already available, such as looking at new markets, establishing business plans and understanding the food and drink supply chain. Clear signposting should be given to this resource, so to help those wanting to or already adding value.

Made in Monmouthshire was referenced to a number of times. Whilst this project delivers engagement between customers and food and drink businesses in Monmouthshire, it is important to look at what was a flagship resource. It was widely agreed that Made in Monmouthshire potentially has *"lost its way"*. The concept of it is still popular with producers, however, there is a requirement for this to be reinvigorated.

The Forest of Dean and Wye Valley Tourism site (www.wyedeantourism.co.uk) was very popular with respondents. The site provides information on attritions of things to do in the area, as well as information on where to eat and drink. The website is modern and interactive, attracting visitors to the site and then to the area. Whilst this carries a higher cost than Made in Monmouthshire for producers to be a part of, this could be a potential route to follow, so to increase the whole tourism, food and drink sector of the Vale of Usk. Tourism and food and drink have a very strong connection, with visitors bringing higher spending to a region.

It is important that these existing support resources are not replicated, but the awareness of them increased and built in.

3.6 Food hub concept

From the case studies in section 4 (in the supporting documents report), there are many different variations on the term 'food hub'. They can be very wide ranging in their provision, or to be much more specialist. When asked what respondents believe a food hub is, the key elements were ***'central point'*** and ***'linking producers and consumers'***. Below gives more detail on the statements given:

'An overarching resource to help food to be grown, processed and sold/distributed by local companies'

'Address the middle point of the supply chain between agriculture and consumer'

'Retail provision that allows customers to access local food'

'A place where food businesses come together for a reason'

'Provide a stepping stone for businesses, as well as distribution and collaboration'

'A series of mini-factories'

'Traditional market with an internet connection'

'Connecting producers with consumers'

'Where all producers have the opportunity to sell their produce'

'Can be a physical operation or a person in an office looking for markets'

In our experience, the key point throughout exploring the concept of creating and managing a food hub is ***'Is it economically stable?'***. A food hub needs to be a business in its own right, therefore ensuring its longevity and sustainability for the future.

Many respondents referred to the success of the Ludlow Food Centre, here a large footfall of customers visit the centre for their farm shop. The location of the centre has helped its success, with it being very easy to access, along with the provision of other retail stores, such as a plant centre so to attract more customers. As well as this, within the farm shop, producers are located around the building, with windows, so to allow the customers to see food and drink being produced.

The success of the Shropshire Food Enterprise Centre is from its provision of a product and service where there is a gap in the market. Businesses are able to lease incubation units, allowing production within their business to increase, as well as having the support of training and experts on hand. The fact it is council led, means that businesses find the units affordable.

Point Ferme is a success due to collaboration for commercial gain, through the retailing of products to customers.

If the business side of the proposed Food Hub does not make viable sense, then the Food Hub will not succeed.

The greatest demand from producers is for a food hub to provide:

1. **Processing and production facilities**
2. **Distribution/aggregation of products to customers**
3. **Business support (business plans, support with regulations and legislation)**

A food hub can gradually evolve, and it would be the recommendation that this 'staging' of building a premises is done, rather than investing in a large facility straight away.

3.6.1 Processing and production facilities

There is demand for different facilities from different producers, including: abattoir; processing space; bottling; and incubation units. Whilst one stakeholder suggested the use of co-production (small businesses using a larger businesses facilities when there is a break in production), there is little scope for this in the area, due to limited presence of facilities.

Businesses producing very different products also want access to facilities on an ad hoc basis. It is recommended that the space available is very generic, but with the potential to house equipment if co-operatives were to purchase. This is similar to the offer at the Shropshire Food Enterprise Centre, and the centre at Horeb. Whilst there is demand for an abattoir, growth of the current abattoir at Raglan should be reviewed. The availability of cutting, packaging and further processing (sausages, burgers, etc.) would be of more benefit, and bring more added value to the region.

The design and building of processing facilities is the most difficult of those to design, due to the breadth of businesses wanting to utilise it. However, it should start small, with a small number of units, and the availability of cold storage, and limited equipment (such as packing, ovens, sterilising) that can be booked and shared.

At Horeb, facilities can be rented out on a daily basis, and also on a longer term arrangement. Building a few units which are leased out on a short term basis at the start, would allow for demand from the market to be assessed for longer term lets. We believe that this could be the third phase for a food hub in the region, and this is further spoken about in the recommendations section at the end of this report.

3.6.2 Distribution/aggregated supply

Distribution is an element that causes difficulty for many food and drink producers in the region. Impacting negatively both on time and financial resources and ultimately the margin produced. The key is to pool what is being produced and then distribute to customers, so allowing them to buy a wide range of products, in the quantity demanded. For example, at present there is no co-ordination between lamb producers, but together they might be able to supply a larger customer base with an even quantity over the course of a year, rather than one producer feeling pressurised or unable to meet orders at times of the year when they don't have the volume at the right specification available. This is something that could also be replicated in other sectors, e.g. cider makers following the lead made by craft beers, in supplying a range of products from different producers.

The challenge with this model, is having many producers of the same kind and very few of others, and trying to eliminate the presence of competition between producers, or the worry of losing customers. The Food Assembly in Abergavenny works on a similar model, and this has had limited success. This has been due to high commission rates causing high costs of goods to the customers, and high minimum orders being set by producers. This has resulted in there not being enough producers to drive it forward.

Distribution typically has two options, either looking at the local market or the wider market:

- **Local –** Producers working together, to provide a wide selection of local produce available to customers. Distribution can be achieved by building on the Food Assembley's online platform, and the provision of weekly deliveries/collections of the food and drink produce, which is collated together.
- **Wider market –** Producers could work together to supply larger volumes to both local and wider markets. Produce can then be collated and transported to the customers. This would help in breaking down some of the main barriers that foodservice businesses have, such as distribution and availability. By working together, any lags in production will also be able to be supplemented by other local providers, rather than losing business. Examples of current distribution businesses include Castel Howell in Wales (food wholesaler providing food and drink products produced in Wales to foodservice

businesses), and further afield Plumgarth's in Cumbria (Farm shop, and food service provider, which now supplies 80 different products from 30 local farms to ASDA stores in the north west) and BigBarn (online local food retailer based in the UK, connecting he producer and the customer with local food producers listed on the website for producers to contact and visit, as well as online shopping).

3.6.3 Business support

Businesses that are already adding value, and those looking to add value, see business support as being very valuable. The success of a business is driven by a well structured and achievable business plan.

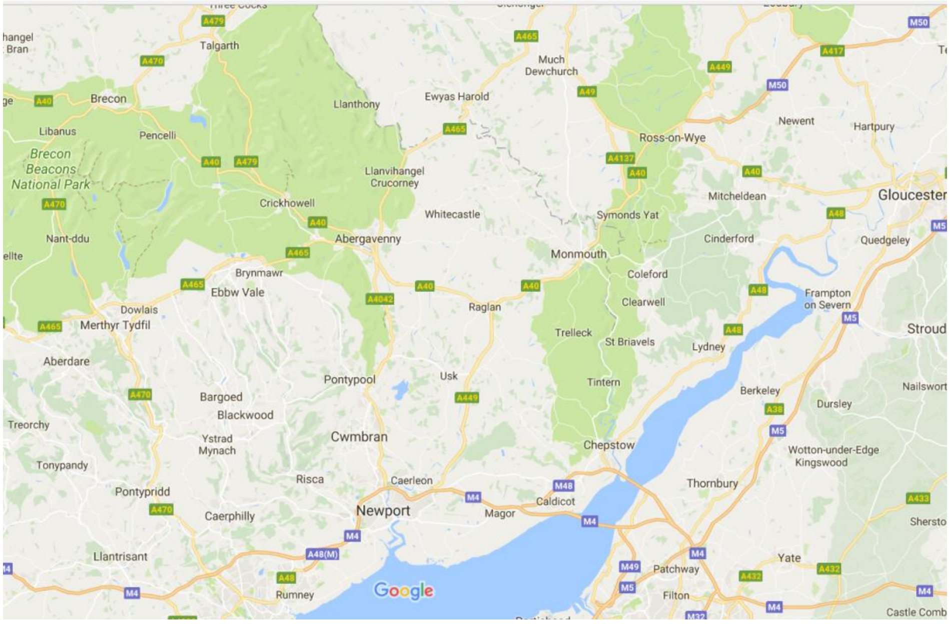
A lot of support is already available that should be signposted to, including Farming Connect and Cywain. Previously environmental health officers have been able to spend time helping businesses to understand how to meet regulations and legislation - this resource has been limited more recently. Having access to this kind of support as well as aid through developing business plans, will greatly help current and new food and drink businesses. This will aid businesses with the financial barrier of investing in a new business (equipment purchase, marketing, trail production runs), as a well written business plan will aid with obtaining financial support from the banks.

3.6.4 Other aspects

As well as the 3 main pillars (processing/production facilities, distribution/aggregated supply, and business support) for the potential food hub, there are other points that should be noted.

The hub would need to be of easy access for both producers and consumers (in terms of road links, parking). It is recommended that with the creation of any hub, it should be located on the outside of a town.

Figure 2: Map of Vale of Usk



Abergavenny was identified as the top location amongst respondents, due to the strong food heritage and many producers being located nearby. However, the argument for Chepstow is also valid due to its close proximity to the M4. The distribution model could also be rolled out, with daily hubs in different towns each week.

A meeting room could also be made available at a hub. This will provide a venue for training, small events and also a professional space for producers to have meetings with customers. This is a resource that has been established at many food hubs, including the Shropshire Food Enterprise Centre.

Certainly all of these different pillars of the food hub concept together would naturally create collaboration within the sector. This will require leadership and co-ordination, with an individual responsible to act as an anchor and go to point. This is further discussed in section 5.2 of the support documents report.

The recommendation from the respondents is for any food hub created, to be run and managed by a private company. This would also drive forwards the economic stability of the facility. However, it is essential that any facilities made available for start up businesses are affordable.

Through the exploration of the food hub, respondents were asked about their views on a virtual or physical food hub. The result of this is that there needs to be a combination of the two, and it is somewhat dependent on what role the food hub could play.

The main concern raised was that a virtual site can get lost, due to the huge amount of websites on the internet. However, it could very much be used as something to support a physical building, as well as acting as an information resource, signposting, training and networking. It is important that the website is promoted to food and drink producers, so increasing its usage, and driving awareness. The Made in Monmouthshire scheme could also be built in to this, so helping to bring all of the resources together.

In conclusion, Figure 3 shows the potential main deliverables of a physical food hub. These are further supported in Section 4.

Figure 3: Deliverables of a physical hub

A place to produce	A place to bring together food and drink
Facilities for producers to start/grow Kitchen for show casing Processing equipment Insight and expertise from the food and drink industry Incubation units	Customer pick up Delivery to customers (household and business) Reduced resources for distribution (cost and time) Collated supply of a range of different food and drink products Ability to supply larger customers
A place to support (training and business support)	**A place to meet**
Signposting of existing resources Provision of training and expertise Workshops Collaboration between the supply chain	Meeting/conference facilities Kitchen for showcasing produce Area for events Training and workshops

3.7 Scope for collaboration

Collaboration within the agri-food sector is an area that the UK is far behind on when compared against the continent. In Europe collaboration can range in size from Point Ferme which was highlighted earlier, through to Arla, a leading international business which is a co-operative with roots in Denmark.

Farmers and food and drink producers engaged in the study acknowledged that there was a lack of working together between the supply chain. Professor Michael Cook, who specialises in agricultural co-operatives, highlights four main issues that can challenge the success of co-operatives:

1. **Horizon –** different businesses might have different intentions in the future. For example, some might be nearing retirement etc

2. **Perception of risk –** some want to avoid doing new or different business practices, whilst others are readily looking for change and challenge

3. **Commonality of problems –** this is the greatest reason why collaborations don't work. Whilst businesses on the surface think that they all have the same problem or want in common, the reality can often be very different when the surface is scratched

4. **Free rider problem –** they are all happy to work together, and be in a collaboration, but they want someone else to do everything

The less similar the businesses are, the less likely they are to succeed, as well as this, some shy away from sharing their customers, with the fear that they might lose them. To make collaboration work, champions should be identified within the sector and region that are currently collaborating and working together. One example of this is the White Castle Vineyard, where they led with the Welsh wine trail.

There is a very small amount of collaboration currently taking place within the sector in the Vale of Usk. Some examples from individuals currently working together include: machinery sharing; and distribution. The Cider and Perry Association is a group that is working well together, and becoming more successful and recognised. The positive is that the vast majority of respondents would be interested in collaborating together, and there is a common goal and purpose (although, this doesn't guarantee the reality).

There are some clear areas for the introduction of collaboration, within the sector in the region. This includes:

– Branding

– Larger company growth aspirations

– Re-culturing consumers (move towards purchasing local food)

– Aggregated demand and supply

Further information on these areas can be found in appendix 8.

3.8 Potential impact on supply chain

Investment in any food hub resource (whether distribution, production facilities or virtual support/marketing), will help the supply chain to collaborate, and lead to greater value coming into the Vale of Usk, whether the customer is in or outside of the area.

Co-ordination of suppliers and producers, allows for a stronger position for the sector, increasing the recognition of the area as a place to go to for food. Helping customers and producers to understand more and about one another and so become closer together.

Investment in the development of an aggregated supply chain will allow for food and drink producers to gain more value. This can either be through shortening the supply chain (removal of the: processor; or retailer), so increasing the margin to the producer. This will then lead to lower barriers for those beginning to add value, resulting in more of the supply chain being controlled within the region.

The potential creation of a food hub will help with the growth of businesses, so strengthening the food supply chain in the area. For example, improved branding will drive the growth of sales and the accessing of new markets, whilst facilities will encourage businesses to upscale or begin production. Alternatively, retail and distribution would help with the access to new markets and customers. By working together they become more competitive and are able to increase supply to new or larger customers. The recommended food hub concept for the Vale of Usk is show in Figure 4, with further detail provided in Section 4.2.

Figure 4: Food hub deliverables

	Food Hub	
Central portal	***Distribution***	***Facilities***
Structure: Website for promotion of local food and drink Networking portal for producers Online training	**Structure:** Collating of locally produced food and drink Distribution to households and businesses	**Structure:** Satellite site ofHoreb Processing facilities Kitchen Meeting room
Benefit: Support to food and drink businesses Increased customer awareness of local food Regional brand identity	**Benefit:** On stop for customers Less producer resource for distribution Wider selection of products for customers Easy delivery for foodservice businesses Branding	**Benefit:** Processing facilities for businesses to use Meeting place Networking through the supply chain Showcasing Increased profile for the region

As well as benefits to food and drink producers and those associated with those businesses (suppliers, employees). An investment within the food supply chain can also have an impact on wider industries. The Abergavenny Food Festival attracts 35,000 attendees, attracting tourism into the region, which brings with it spending into other local businesses, such as accommodation, other retail shops, foodservice businesses, places of interest etc. As such, anything that can further promote the area as a go to place for food, should provide benefits to other businesses as well.

4. CONCLUSION & RECOMMENDATIONS

4.1 Key findings and conclusion

Assessment of primary production in the Vale of Usk

The Vale of Usk has a wealth of farmers, whilst cattle numbers have been declining, they remain the dominant agricultural industry along with sheep.

There has been growth in the number of poultry and pork enterprises, with poultry a key area of growth. There are few horticultural producers in the area, caused by low margins, limited access to suitable land and labour limitations. Increasing horticultural production in the area will be difficult, with the comparative advantage to livestock production much higher. Any plan to diversify should firstly be started by trying to increase knowledge on the production and market for food and drink products. Incentives could also be used to encourage the entering of this market, so to minimise the barriers. However, this is costly and also risky, as producers become reliant on the support, as EU funding is likely to reduce or be removed in the future, so a solid business case is required.

Some primary producers have moved into adding value, although there is a significant proportion that view their production as being too much in terms of volume for the local market, and prefer to supply a national processor. These also see that only adding value to a small volume of their total production does not warrant the amount of required investment, for the perceived poor returns.

The greatest barrier for farmers beginning to add value to their produce is finance, lack of facilities, and the desire to carry on what they are doing. However, the demand for local food and drink products is expected to increase in the future, as such there are opportunities for more producers to enter into the market. Though, it should be noted, that as these businesses grow, the local market becomes less important, with the focus moving more to Wales, the west of England and London.

Food and drink producers

There is a mix of new and more established food and drink producers in the region. Beverages, red meat and poultry are the areas of strength, whilst horticulture and processed dairy are areas of weakness.

The greatest issue for food and drink producers in the area is the lack of processing facilities. The greatest opportunity is the potential investment or facilitation of distribution.

Business support requirements

There is a great volume of highly rated support already available in the region. Farming Connect is a commonly tapped into resource, whilst the Environmental Health officers have also been seen as providing great insight and assistance, as well as that on offer at the Welsh Food Centres.

This support is well received, although there is demand for more from food and drink producers for legislation and regulation assistance. As well as this, they want more help with the development of business plans, can help to encourage costed forward thinking. However, again some of this support is already available such as through Farming Connect and Cywain. More signposting to these resources is required, either through information on central websites, flyers, or the running of events and workshops, so to raise awareness.

Current uptake of food focal points

The Abergavenny Food Festival is perceived as a positive for the region. It is a feature that can be built on in the future, however could provide a greater focus, or be more accessible for local businesses.

Farmers Markets are declining in number and activity, however, ensuring that they are easily accessible for the working population, as well as consistent supply could help to reverse this.

There has been a decline in the number of local food retailers (although this is a trend witnessed across the UK as supermarkets have increased) and the Food Assembly has yet to take off. Existing retailers need to be engaged with more, so to enable the stocking of local produce where possible.

Made in Monmouthshire was once viewed as being a very positive resource, however, its reputation has fallen, due to a lack of financial support.

There is demand for more or better food focal points in the area. The Food Festival showcases the region as being a foodie area, as such this has strong potential to be built on further.

Demand for a food hub and its deliverables

There are many different types of food hubs that are established and these range from large all encompassing premises, such as the Shropshire Food Enterprise Centre and The Food Centre Wales, to Point Ferme which is collaborated distribution.

The potential creation of a food hub is seen as being very positive. This needs to be very well planned and supported throughout the supply chain, and ran as an economically stable business.

The main deliverables from a food hub could be:

- **Processing units**
- **Distribution**
- **Branding/marketing**
- **Business support**

Food hubs require collaboration and facilitation. At present there is very little to be built on, increasing the risk of failure.

Impact on the supply chain

Many primary food and drink producers have different supply chains. These range from producing, processing and retailing yourself, through to supplying to a livestock market, where the end market of the product is unknown.

A shortened or more controlled supply chain, and increasing the number of food and drink producers in the area will have a positive impact on many areas. This will have a positive impact on recruitment and increased returns from business revenues coming into the area.

A food hub, depending on the role it plays, can also create new markets, as well as educate the consumer and also other suppliers about what else is being produced. This would develop a strong foodie network and culture within the region.

4.2 Recommendations

This section examines the different roles that a food hub could provide. Due to the potential creation of a food hub being dependent on a number of different unknowns (budget available, definite interest from stakeholders), a phased approach to the development of a food hub has been proposed (see Figure 5). A food hub should gradually be developed, so minimising the risk of failure. As discussed earlier, there are many different types of food hubs in action in Wales, the UK and internationally.

It should be noted that there are a wide range of existing resources (such as the Welsh Food Centres, the Food Assembly, Made in Monmouthshire, Farming Connect, Cywain, etc.) that should not be replicated, instead either signposted to, or further developed.

Figure 5: Food hub recommendations

Food Hub

Phase 1	Phase 2	Phase 3
0 – 6months	*6 – 24 months*	*18 months +*
Central portal	***Distribution***	***Facilities***
Concept: Central virtual portal providing a 'go to' resource for customers and producers in the Vale of Usk region on local food and drink	**Concept:** Building on the Food Assembly for local exposure. As well as pooling supply so to appeal to wider and/or larger markets	**Concept:** Processing/production units for food and drink businesses to use, on both an adhoc and more permanent basis
How it is going to work: Marketing platform for customers to underatnd what's going on in the local area regarding food. Includes information on local food producers and how to purchase. For producers, it gives a platform to promote to the local market. An intranet portal will allow them to network, and begin to collaborate. Shared training and support, along with signposting of resources will also be available. All together this will create a platform that is appealing to a wide range of businesses	**How it is going to work:** Food Assembly model implemented to remove the commission charges. Local food products will be available through a central channel to local consumers, at a lower rate than currently through the Food Assembly. Pooling of supply to access larger/further away markets. Commodity products (such as red meat) branded as one, whilst already branded products continue to be sold under their own name. Food products are then collected together and delivered to customers as a range of products through one drop off	**How it is going to work:** Satalite processing units are established from Horeb, which food and drink businesses can then use. This would replace the need to use the facilities at Horeb, which is 2 hours away. Allow a stepping stone for producers from kitchen production to large investment in a specialist unit. As well as this, the provision of a kitchen will allow for products to be showcased to customers or allow events to be held. Due to the varying of food businesses, basic units should be established, with the producers renting/buying specialist equipment
Supply chain impact: The key benefit is that it starts to bring producers together, and promote their offerings to the customers	**Supply chain impact:** Shortening of supply chain, with only a distribution hub between the producer and the customer	**Supply chain impact:** Allow the growth of small food and drink businesses through the ability to increase production, or for the establishment of new producers
Resources: Website, coordinator, adhoc technical support (delivery of training sessions), access to meeting venue for producers	**Resources:** Website/brochure with producer & product information, coordinator, space for products to be picked up by local customers, space for products to be pooled together and sorted for distribution, transport	**Resources:** Processing units, kitchen, coordinator, information website, technical support for food and drink businesses

Phase 1 – Development of Made in Monmouthshire into a resource for the Vale of Usk. This would include a developed virtual site, providing information for customers on the producers in the region, and information on food focal points in the area, (where local produce can be purchased), and events, food/recipe ideas etc.

The appeal of the Abergavenny Food Festival can be used to draw customer traffic to the website. For producers, the establishment of an intranet portal will allow for the development of collaboration encouraging: networking; knowledge sharing; training and support. Signposting of external support should also be provided, such as facilities and training/knowledge providers, grants etc.

Figure 6: SWOT of central portal

Strengths	Weaknesses
Lower start up cost	No physical platform, reliant on finding the website
Allows for testing the actual uptake from consumers and producers	Could be viewed as being repetitive of what is already out there
Starts to bring together producers	Doesn't provide any facilities to producers or customers
Provide support to the supply chain	
Improve the knowledge of the Vale of Usk	

Opportunities	Threats
Starting platform for collaboration within the sector	It could become lost in the internet
Vale of Usk brand	Lack of participation from producers
Existing resources that can be built on	Approach or provision isn't coordinated
Promotion	Requires a good facilitator

Phase 2 – Distribution and pooling of supply so to enable access to new markets will benefit producers. The type of distribution hub varies by the customer market that is being targeted. There is presence from the Food Assembly, however with low uptake from both customers and producers this should be developed further. There are two different roles that distribution can take.

Local distribution – built on the Food Assembly model, very much catering for the needs of the local population. It allows for an increased retail presence on a local scale and if taken on outside of the Food Assembly model, can allow for lower commission charges. This can also be used as a stepping stone for producers, to trial news products, and build up their name within the local community.

Wider distribution – appeals much more to producers. This is pooling of supply into a central point from which it is then distributed out to businesses that require larger volumes, a range of products, or those located further away. For commodity products (such as red meat), a central brand can be developed (such as Cambrian Welsh Mountain Lamb), whilst other products can be marketed under their own brand. This could all be built on the proposed deliverables in Phase 1.

Figure 7: SWOT of distribution

Strengths	Weaknesses
Platform to build from with the Food Assembly Benefits to the local community Aggregated supply Collaboration within the sector	No processing facilities Could become competitive between producers/suppliers Local produce too expensive for a lot of customers so low uptake Food and drink provision not wide enough
Opportunities	**Threats**
Opening of new markets Access to larger customers Growth of producers Vale of Usk brand / branding for commodity type products	Producers become me centric Conflict/unable to run alongside Food Assembly Approach or provision isn't coordinated No processing facilities, mean limitation to range of products sold Conflict over location

Phase 3 – To encourage new food and drink producers into the market, the provision of processing facilities would be beneficial. However, the establishing of these carries a very high cost, and there is demand from very varied businesses, all wanting different facilities.

Short term - The use of Horeb should be sign posted, and financially supported. Through increased networking and collaboration, businesses might be encouraged to share existing facilities.

Long term - Establish processing facilities that food and drink producers of varying size can use. This should also be teamed with an area where products can be showcased to clients and businesses. This can be based on the Horeb model, but as a smaller satellite unit.

Figure 8: SWOT of facilities

Strengths	Weaknesses
Facilities for producers to start/grow 'Go to place' for local food Range of support to businesses Food focal point for consumers	Very high cost – high risk Echoing the premises at Horeb Could not be used/too expensive for businesses to use Varied success of previous facilities
Opportunities	**Threats**
New producers or increasing production Recognition for the facilities on offer Collaboration within the supply chain Show case of products	Conflict over location Low uptake High cost, causing high cost of products Long term, customers move further away from buying local food