Final report from the Venison Short Supply Chain Group

1. Purpose and Aims of the Group

The Group was set up following meetings with the Scottish Government, Scotland Food & Drink, SAOS and others to explore further Action 5 in the Scottish Venison Strategy *Beyond the Glen.* That action is:

"to invest in area-based facilities to maintain wild carcase quality and build supply of local product."

In addition, the strategy states that a geography-based scheme to implement co-operatively owned and operated chillers/larders should be explored to meet the needs of local markets.

Those pre-coronavirus-stated objectives have been supplemented by the fragility of current systems in the venison supply chain being exposed by the pandemic.

Culling of wild deer is essential, both in the upland and lowlands to keep the wild deer population under control, to allow the development of new and restored woodland and peat bog, to protect existing woodland, plantations and crops, to meet and deliver climate change targets and other reasons including deer welfare and reducing road traffic accidents involving deer.

A bi-product of the deer management process is venison – some would argue it should be the primary product of the process. Let stalking and associated accommodation also generate valuable local revenue for the rural economy.

Volume supply of venison has historically been collected by (or delivered to) Approved Game Handling Establishments (AGHEs) for onward sale to main UK markets – retail; catering, restaurants, events and food service; and for export.

There are other sound reasons for exploring the development of short supply chains to ease supply of local product into local markets, among these: reduced food miles; supporting local jobs and local, rural economies; and providing a more secure and stable return to producers than that offered by AGHEs. Recent research just published by 56 Degree Insight for Scotland Food and Drink has highlighted the importance of availability of local produce through local markets, and emergence of this through the pandemic.

Our short supply chain Group set out to explore the constraints that prevent local venison from entering the local market, and to develop thinking on local venison from a variety of sources being chilled and held locally for onward supply to an AGHE. The Group also wanted to look at the contract processing of venison – ie raw material provided to a third party such as an AGHE, butcher or other processor which once processed and packed is then returned to the point of its source for local sale.

2. Composition and remit of the Group

The Group met online twice for 2 x 2 hourly discussion sessions, once on 15 January 2021, and again on 17 February. The Group was populated to include those who were already providing a local supply, those considering development of a local supply, and individuals or businesses who could advise or support such activity.

The Group members were also widely spread geographically and 'by species' – ie some were concerned mainly with culling of roe deer whilst others were engaged in supply of red deer carcasses. Representation therefore was from the length and breadth of Scotland.

Representatives on the Group could also speak for different sizes and types of operation eg single estates; deer management groups; sporting syndicates; and lowland sporting. NatureScot and SAOS were co-opted. The Group was facilitated by Dick Playfair, Secretary, Scottish Venison Association.

Members of the Group were invited in December 2020 to take part and a short brief, attached as Appendix 1, circulated.

The two meetings of the Group are reported, and minutes are available. Two written submissions were also received from members of the Group to reinforce and supplement points made during the discussion meetings.

The members of the Group were:
Amanda Brown, SAOS
Tom Chetwynd, Rural consultant and stalker, Chetwynd Rural, Forres
Suzie Crerar, Alvie and Dalraddy Estates
Alastair Dobson, Taste of Arran
Drew McFarlane-Slack, Chairman, Monadhliaths DMG
Pete Moore, Wildlife Management Team, NatureScot
David Rankin, Barwhillanty Estate, Dumfries & Galloway
Peter Semple, Stalker, and owner Woodside Game, Inverclyde
Alan Stevenson, SAOS
Jamie Williamson, Alvie & Dalraddy Estates

3. Coronavirus – and how this has changed and reinforced the proposition

The Covid pandemic has reinforced the proposition for local supply into local markets.

AGHE capacity both for processing (especially under physical distancing restrictions imposed by the crisis) and storage, has been challenged.

The venison market, except mainstream retail, some local retail, and mail order and 'click and collect' has all but shut down. This has potentially removed in excess of 50% of available short-term markets.

Brexit (and issues over groupage) has also constrained the valuable, seasonal export trade for AGHEs. These constraints may be further exacerbated by the introduction of the Game Meat OCR.

These issues have also cut the price for venison paid to primary producers (land managers and stalkers) from £2.30/kg in 2019 to 0.80p - £1.00/kg following the outbreak of Covid. Primary producers have also been penalised by the closure of the stalking tourism market to all foreign and many UK visitors (coupled with loss of revenue from related accommodation), and there has been no concession on business rates for sporting businesses as has been applied to almost all other business streams through the crisis.

The dilemma for land managers and stalkers has been that they need to deliver their cull for the environmental, climate change and other reasons stated. However, the established routes to market for their raw material have been constrained, coupled with challenges to capacity for processing and storage, and a substantial drop in price.

It is logical, both from a market driven commercial perspective, and that of providing a 'safety-valve' to release excess supply, that opportunities in local chills, processing and supply are explored.

4. Other factors

The issue of local processing and supply is not new and, indeed, that is why it was included in the Scottish Venison strategy *Beyond the Glen,* launched in September 2018. There are certain geographical areas that are either too remote or outlying where it is simply not commercially viable for uplift or delivery of carcasses, or where volumes are small or intermittent and therefore a steady supply to AGHEs is not viable. These include some islands, south west Scotland, and areas of lowland deer management, for example through Scotland's central belt and on the urban fringes where management is fragmented, and the supply of carcasses is sporadic.

Current legislation and the derogation from EU law allow the supply of small numbers of carcasses into local markets, both in-skin and out of skin. Indeed, the Scottish system is well equipped to permit, control and oversee this depending on the type of supply. This is ultimately covered by Local Authority inspection of larders and producers registered as food businesses as well as the Venison Dealer License system.

There are concerns regarding loopholes in current structures that allow 'illegal' venison to reach the market although the closing of the hotel and restaurant trade through the pandemic will have severely constrained opportunities for such supply.

During the Covid pandemic the Scottish Venison Association (SVA) has received several reports from landholdings and estates that have taken the initiative, on a small scale, to supply their local markets legally and safely, or set up mail-order operations, or developed relationships with local butchers or farm shops in order to secure an outlet for their venison resource. What is evident however is that such operations, where the infrastructure does not already exist, require investment, planning, close liaison with the respective Local Authority, and subsequent promotion and marketing. Scale is limited, but some level of service is possible.

5. Summary of discussions

5.1 Venison product

There was consensus across the Group that product is widely and legally available although there are concerns over clarity of guidance in being able to transform that product from animal on the hill or in the woods to offering it to the consumer in a pack or on a plate.

Raw product varies from predominantly red deer in the Highland regions and some of SW Scotland to roe deer in Ayrshire, through the central belt, and up the east coast round to Inverness.

Deer carcasses are available from estate larders, groups of estates, stalking syndicates and individual stalkers.

The public has an expectation that where they see deer then local venison should be available and Scotland Food and Drink research (March 2021) strongly supports this intuitive feeling.

Circumstantial evidence suggests that the local consumer wants to buy basic cuts, minced and diced venison, and processed meat such as burgers or sausages.

Through Scottish Craft Butchers an increasing number of local shops are offering a range of venison products and SCB has actively been promoting ideas on presentation and additional easy processing in order to give the consumer more choice from their members' counters.

Some food businesses are producing 'niche' products such as smoked venison, venison biltong and venison charcuterie.

The Group considers that there is easily sufficient supply/raw product to be able service both local markets and the wider UK domestic market and export through AGHEs. In fact, the local market can provide an essential 'safety valve' as an outlet for product when national opportunities through AGHEs are at virtual overload (as they are now due to the pandemic).

5.2 The Market

Whilst price is the main driver for grocery purchase, and this has been reinforced through the pandemic, there are increasingly signs that the consumer is aware of green credentials through the food chain, understands reducing food miles, and sees 'shop local' as worthy of support.

The *Scotland Food & Drink Provenance Projections (June 2019)* showed that the availability of locally-sourced produce was important for nearly three in five Scots citing the following reasons:

- Environmental concerns
- To boost the local economy
- Quality, taste and freshness of product

The sentiment across the Group was supportive of that, and that there would be a broadly receptive market for local venison sold locally with the environmental/sustainable food message also increasingly important at a local level.

Price remains a defining factor, and indeed one of the reasons for not supporting local in the *Scotland Food & Drink Provenance Projections (June 2019)* above was the perception that 'local' could mean 'more expensive'. Margin however is vital for the producer/processor who, the Group heard, could sell their venison to an AGHE for 80p/kg but if processed onsite and sold locally might average £7/kg plus.

The visitor market was also seen as an important feature for local sales, particularly for self-catering, where visitors would seek out local produce, and for quick meals such as burgers, or restaurant or hotel fare.

The Group concluded that where local supply could be made available at a competitive price then there were real opportunities for local producers/processors, and even where that price was slightly increased then that was acceptable subject to the quality of the product.

Reaching the market could be achieved through a wide range of channels and the pandemic had forced producers to look at what routes were available and make use of them. Routes to market included local deliveries (including by fish van), local markets and farmers markets, local butchers and specialist and farm shops, own estate shop (such as Jahama Highland Estates), or own catering outlet (Alvie burgers).

Local supply into national outlets is an issue and it is recognised that buying arrangements of national chains, and standards demanded by them, may preclude smaller local suppliers in gaining listings for their products. Seasonality may also be an issue. The converse of this is the 'outcry' of imported product in local outlets, eg imported NZ venison sausages for sale recently through M & S in Fort William.

It is understood that the discounters, Aldi and Lidl, do buy and supply local product to their local stores. This needs to be explored in more detail with Scotland Food and Drink.

The question of supply to hotels and restaurants is also an option. Local product sourced locally and on the menu is an attractive proposition. However, we know from AGHEs that supply hotels and restaurants either direct or through food service companies that they are concerned that more local producers in competition could erode a proportion of this market for them. Food safety issues have also been mentioned where the processor is not a registered AGHE albeit the law allows legal supply. Balance is important.

An increase in legal and safe local product for hotels and restaurants could mean however less opportunity for illegally produced venison to enter the food chain.

The recent research *Scotland Food & Drink Partnership, Buying Local in Lockdown (March 2021)* by 56 Degree Insight provides additional endorsement for the development of local produce and local markets, and in particular game/venison. This research shows 'Game' as the highest ranked of all foods at 78% of respondents (above fish and seafood 70%, and red meat 68%) in response to the question of how important is it to buy products which are grown, reared or produced locally?

5.3 Blockages in the supply chain
Availability of local chilling and processing facilities for venison are the two main blockages identified by the Group in the supply chain.

For the majority of stalking estates, gralloched, chilled carcases are collected from the estate larder or in some cases a shared chill (eg on Mull) by the processor or their collection agent, taken to the AGHE, inspected and stamped by FSS, for onward processing and packaging to market.

The various alternatives to this are laid out in both Best Practice and the Wild Game Guide (currently being revised by FSS specifically for Scotland). In practice, with the right certification, the law currently allows small quantities to be supplied direct to the consumer locally, or an outlet selling to the consumer, provided a venison dealer license is held at some point in the supply chain.

It is important that the new revised Wild Game Guide makes absolutely clear what stalkers/producers must do to ensure legal and safe supply. This was explored last year through an initiative with Scottish Craft Butchers and supply in skin and out of skin by stalker to butcher. Guidance is on the SVA website and in Best Practice – although this does not cover every eventuality and interpretation can vary by Local Authority area.

Concern has been expressed by AGHEs that encouraging and opening up numerous low volume routes to market by small operators will increase risks to food safety and foster bad practice. Uptake of membership by producers/stalkers of the Scottish Quality Wild Venison (SQWV) scheme should be encouraged and should help provide confidence in the integrity of this part of the supply chain. SQWV is also investigating a possible assurance scheme for producers of small quantities.

All in the short supply chain must be aware of responsibilities and work with their Local Authority from the outset to ensure supply is legal and safe and that their processes are robust.

Where raw product is being taken from a number of stalkers this will require separate premises, separate areas for in-skin and out of skin, chill, storage, butchery etc. All this requires investment and compliance.

Another option is an arrangement with a local butcher (who then requires a separate area to accept carcasses in-skin, or the primary producer must be a Registered Food Business if taking the skin off in a separate area). In both cases supply should be subject to strict temperature control of 7 degrees or less.

Other factors to be considered include services, waste disposal and clean, chilled transport.

‘Purpose build’ of a chill/processing unit may be the optimum solution, or conversion/extension of existing premises. Issues arising include ownership and management; business structure, joint venture, community involvement; staffing and supervision; cleaning and hygiene; marketing and sales.

A community approach, whilst attractive is more complex although it was thought by the Group this might be a better proposition for certain funding options. Community engagement is also possible, albeit led by private enterprise/investment ie where a group of stalkers all channel their carcasses in to one central point for processing.

'Contract processing' is another alternative ie sending carcasses to an AGHE or other plant for processing and packing. The advantage of this route is clearly that less investment is required by the producer although a chill or larder would still be needed as the storage and collection point.

Disadvantages of contract processing include a reduced margin, transport costs, timing (ie need to work to fit processor/AGHE's schedule), and an erosion of green/food miles credentials.

The opportunity for contract processing in the Highland Region has been explored and a price quoted of £1.50/kg subject to certain other conditions such as regular supply to the processing AGHE.

<u>5.4 Finance, funding and business planning</u>

Funding is a major factor and potential barrier for development of local chill and venison processing facilities.

The amount of funding available clearly limits the scale of what can be done. Sources of grant funding are not widely understood and should be further researched but some possible options are shown below.

The lowest entry point for purchase of a small larder/chill/processing unit is in the region of £25,000 - £30,000 excluding cost of the ground and site preparation and necessary services – water, electricity, drainage etc.

Sources of financial support that might be available, or might become available, for the establishment of small/local chill/processing units, include:

- Food Processing Cooperative Marketing Grant Scheme – currently closed but due to re-start in 2021?

- Wind farm money and wind farm community benefit funds (this could be an opportunity for community-led ventures but unlikely as a funding source where private interest is the sole or lead party?)

- Enterprise network – HIE, South of Scotland Enterprise Network (SOSEN) and Regional Economic Partnerships potentially offer support for capital projects. This is being explored further.

The Group also considered that the case is strong enough to recommend a dedicated Scottish Government support fund for the development of local chill and processing units on the basis possibly of 60/40 funding, with 40% being provided by private investment, and the 60% by Scottish Government (or up to £15,000 per project, whichever is the greater).

A dedicated fund of £180,000 for example could therefore part finance a network of up to 12 units on the basis of awards of up to a maximum £15,000 per unit.

The Group also thought the sector should promote its 'green credentials' strongly ie venison supply being good for the environment, reducing carbon footprint, positive climate action etc and, given this, there might be potential 'green' funding avenues for support such as Triodos Bank, the Green Investment Group or others.

There should be discussions with conservation organisations for possible joint projects, eg Trees for Life, where subsidised supply of venison to the local community and developing the local 'circular economy' could be an objective of local processing.

100% private investment is the simplest, cleanest model. However, the sector could be incentivised to move quickly to develop local processing opportunities if some form of grant support, albeit on a competitive basis, was to be made available.

<u>5.5 Staffing and skills</u>

Local processing means local business and, in that respect, would support local jobs. This particular area was thought by the Group to provide ideal potential for apprenticeships and that possibly specific apprenticeships focusing on venison butchery might be discussed with trade organisations ie Craft Skills Scotland, Scottish Craft Butchers.

6. Next steps

We know there is available product and that local markets are receptive to the concept of buying locally sourced.

We want to carry forward conversations with Regional Enterprise Networks with regard to funding support, and potentially look at other funding support arrangements since, as ever, funding is the key.

We would like to discuss with Scottish Government and Scotland Food and Drink the potential for a competitive fund that would support local venison processing projects and which could be structured to help the fight against food poverty.

As a next step in testing the concept SVA could draw up a blueprint for setting up one or two pilot projects.

7. Conclusion

The Group agreed that there is great opportunity for the development of a network of local chill/processing facilities for venison supplying local product to local markets.

Rationale for this has been explained through this report but, notably, Scotland requires more capacity for processing venison that opens up more routes to market, and particularly local markets.

Some mechanism of financial support as has been outlined in this paper would help to move this forward.

The Scottish Quality Wild Venison (SQWV) scheme is important in providing integrity of the process from stalker/producer to processor.

There are strong green arguments to support this approach stemming from the practice of deer management itself and the part it can play in reducing GHG emissions and carbon storage through to reducing food miles and providing a healthy, sustainable protein to local markets.

The whole concept of game sourced and sold locally is strongly supported in the recent research for Scotland Food and Drink: *Buying Local in Lockdown (March 2021).* The pandemic has helped to focus on the importance of local markets as shopping patterns change.

The initiative could be structured also to play a part in the fight against food poverty.

And finally, with Scottish Government support, the launch of this project could fit well within the scope of COP26 activity in November as part of the green agenda for deer management, processing and local food production.

<u>Appendix 1</u>

The Wild Venison Supply Chain

Exploring opportunities for local chills, processing and marketing

<u>1. Background</u>

The Scottish Venison Association (SVA) is alert to a number of situations where currently, on account of the Covid crisis, but not necessarily as the sole cause, wild venison producers are considering alternative routes to market other than the conventional route through an AGHE.

Work has already been undertaken by SAOS and SVA to promote the short, legal supply chain direct from trained hunter to butcher. It is now intended to explore other routes to market, possibly through independent or shared chills, processing and marketing.

SVA and SAOS has discussed this with the Scottish Government. It is already included as part of the work plan contained in the Scottish Venison Strategy *Beyond the Glen*. Scottish Government has asked SVA to further explore the potential of this approach and report back.

<u>2. Current situation</u>

Currently, legally, the system allows for ‘hunters’ to cull, prepare, process and sell venison in ‘small quantities’ direct to the consumer or to a business selling to the consumer (ie butcher, restaurant) subject to fairly broad geographical limits.

They will however require to be registered as a Food Business by their local authority and be subject to Local Authority EHO inspection of their premises. They may require a venison dealer license if their customer (ie a butcher) is not a registered venison dealer. They will also need to closely adhere to food business regulations in terms of storage of carcases in and out of skin, and preparation, processing, storage packing and labelling of product. This is likely to involve dedicated premises and investment.

3. Proposal

From initial discussions with a small group of individuals/groups SVA would like to develop this concept, then discussing with Government with a view to establishing one or more pilot projects. This small group would also assess levels of funding required and how this might be supported (ie Enterprise funding, food processing marketing grant scheme etc)

Those involved in these initial discussions may include:

- Individual stalkers or estates
- Representatives of groups of stalkers or estates (ie DMGs, community groups)
- Consultants (food processing, marketing development)
- Individuals or estates who have already invested in this approach or are in the process of doing so.
- NatureScot

4. Next steps

Form discussion group with initial discussion (2 hours) on Zoom to share experience, rationale for interest in the approach, levels of support required etc. Distillation of this information by SAOS and SVA followed by a follow-up meeting in early 2021 to discuss draft proposals for pilot scheme(s).

5. Output

Short paper reviewing discussions and conclusions with a view to taking forward possible pilot schemes in 2021.

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