

FUTURE SKILLS ISSUES AFFECTING
INDUSTRY SECTORS IN WALES



**Agriculture and
Farm Enterprise Sector**

Executive Summary

Introduction

This document is one of a series commissioned by the Future Skills Wales Research Forum. The overall project aims to extend and complement the work begun by the original Future Skills Wales project, which forecast future generic skills needs across Wales using forecasting and survey data. The current project adds studies of future vocational skills needs within key sectors in Wales. Each sector study is based on desk research and qualitative interviews with practitioners and employers, and aims to provide an overview of the sector, the skills issues, and current and potential actions to further strengthen the sector.

Businesses and employees in each of the sectors studied have achieved great successes; that is why these sectors have become important for Wales. Our focus on current skills issues should not obscure these achievements or the determination of all concerned to meet current and future challenges.

Sector Profile

The agriculture and farm enterprise sector is critical to the economic and social survival of rural communities throughout Wales. The sector is well represented in Wales relative to the rest of the UK. The majority of farming involves livestock, whether for meat or dairy production, while diversified activity covers a multitude of activities ranging from food processing to tourism.

The number of farm and land based businesses in Wales is estimated at over 32,000; although the majority are still small, and many are run by part-time proprietors, there is a tendency for the average size of holdings to increase. An estimated 42,000 plus people work within the sector, either as proprietors or employees. Female participation in the workforce can often be informal and may well be understated in published figures. Declining average incomes have become a feature of the sector.

Traditionally characterised by conservative attitudes, **the sector is becoming ever more competitive and fast-changing**. However, low levels of formal qualifications and training suggest that further challenges and limitations may be faced in terms of business development.

Farms are typically small enterprises and **face issues common to many small businesses** of planning and strategy, access to information and advice, access to finance and business management skills. Responsibility for aspects of business management falls across the spectrum of the farm family.

Demand for **training has traditionally been limited to short courses to comply with legislation** eg proficiency tests, and FE courses as a grounding for young people. However, a culture of lifelong learning remains a distant target. Courses, especially FE-related, need to be flexible enough to include the wide range of skills needed in small farms ie business management skills.

Key sectoral development issues include:

- **diversification** - which must continue to grow, is starting to link farm enterprises with wider sectors such as tourism, leisure and food processing. This

raises a much wider set of specific skill needs, such as customer service and marketing;

- **development of a food chain approach** - requires farms to be more aware of processors/consumers expectations. There is potential here for value added and niche products;
- **organic production/environmental awareness** - growing areas related to public interest/consumer preferences - present opportunities.

Skills Issues

The sector is very wide ranging, covering a multitude of skills areas. However the following are the broad skills priorities:

- **management and business skills** are rising in importance - particularly related to the running of a small business;
- **information communication technology (ICT)** developments have the potential to overcome barriers to learning eg distance and access, although ICT skills require significant improvement;
- **marketing and understanding of customer needs** will be the most important areas for the medium term success of business, where returns from the core primary market continue to be threatened. Those with a greater entrepreneurial focus will have better chances of success;
- specific skills related to **new technology and organic methods** will become more important to achieve competitiveness and productivity.

Action on Skills

The sector as described in this report has not generally been considered in its entirety by any one organisation. Therefore responsibility for developing a coherent strategy for future skills does not easily fall to one single sector partner. A major challenge is to decide whether such a sector definition is optimal for strategy purposes and if so how skills planning can be achieved.

The articulation of a **sector skills strategy** may be the first stage to addressing the apparent variety of support packages available throughout Wales. A consistent, flexible programme of support, informed by best practice may deliver greater added value than the existing arrangements. Such a programme would need to be holistic, encompassing both business management and IT skills, together with diversification or agriculture specific skill areas.

Finally, there remains a need to **continue the development of ever more flexible approaches to training and skills delivery**. This will underpin the overall development of the sector.

The table below summarises the recommendations made in this report:

Rec. No:	Recommendations	Time-scale	Key Partners
1	Strategic lead required for skills development of the sector	From 2000	CETW
2	Review all Welsh farm development schemes for best practice and develop a consistent, flexible support programme across Wales	From 2000	NAWAD/CETW/all others
3	Improve management and business management skills	2001	CETW/Lantra/FE/HE/providers/all others
4	Develop more flexible delivery of critical agriculture-based training to support the technical development of the sector	2001/02	CETW/NTO/FE/HE/providers
5	Increased focus of careers advice on the nature of work in the sector eg business management, multi-job and self employment	2001	Careers/schools/FE
6	Further research to develop understanding in areas such as: <ul style="list-style-type: none"> • likely impact of ageing farmers; • diversification/pluri-activity. 	2001/02	HE/CETW/Skills Unit

