Cleddau 2 Coast

Fishing Local Action Group

Local Development Strategy

2011 – 2013





Y Gronfa Pysgodfeydd Ewropeaidd:
Buddsoddi mewn Pysgodfeydd Cynaliadwy
European Fisheries Fund:
Investing in Sustainable Fisheries

Llywodraeth Cymru
Welsh Government

‘CLEDDAU TO COAST’ FISHING AREA

LOCAL DEVELOPMENT STRATEGY

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Executive Summary

Introduction and Background

Pembrokeshire has a long history of fishing, but this has been in decline since the end of the Second World War and consequently much of the historic fishing infrastructure has now been lost as new industries, particularly tourism and recreation have become more important. Nevertheless fishing communities exist all around Pembrokeshire's coast and along the Milford Haven waterway. Pembrokeshire is known for its unspoilt environment, but suffers from often unrecognised deprivation and economic underperformance.

This LDS has been developed to respond to these challenges. It has been developed relatively quickly and to achieve this has been based in part on pre-existing work, including community-led consultative research. Mechanisms are to be put in place to ensure that the LDS remains in touch with the needs, concerns and ambitions of Pembrokeshire's fishing communities.

The 'Cleddau to Coast' FLAG partnership

The Cleddau 2 Coast (C2C) FLAG was established in July 2011. It is chaired by Nia Marshall. The partnership comprises eighteen members, seven of whom are drawn from the fishing sector including the catching, processing and support sectors. More than one fishing enterprise is represented. The FLAG also includes four private sector, five voluntary and community sector and three public sector members. The FLAG has agreed its Terms of Reference and Constitution. The C2C FLAG does not have a separate legal identity; instead its Lead Body, Pembrokeshire CC will enter into legal agreements on its behalf.

Definition of the Pembrokeshire fishing area

A fishing area of almost 115,000 hectares with a population density of 0.74 inhabitants per hectare has been defined. This is 71% of Pembrokeshire's land area and 72% of its population.

Summarised description of the Pembrokeshire fishing area

An account has been provided of Pembrokeshire's demography, economic scale and industrial structure, business and enterprise, workforce skills and qualifications, labour market, occupational structure and prosperity and deprivation. Specific details regarding the fishing industry have been included. The summary shows that the county has an outstanding natural environment that serves as the basis for an important tourism industry, as well as agriculture and fishing. The county is reliant on the public sector and on micro-enterprises for employment. Business births and survival rates are above the Welsh average, though Pembrokeshire has only moderate levels of skills and qualifications. Unemployment in Pembrokeshire is currently below the Welsh average. Pembrokeshire has the third lowest level of household income in Wales. Fishing still makes an important contribution to the county's economy, with catches valued at over £8m in 2010. However much of this is transported away from the county with little value being added in Pembrokeshire. Although Pembrokeshire's environment is of crucial importance to the county, it is vulnerable and must be protected.

Community and stakeholder engagement

The timescale for the preparation of this LDS and the accompanying Implementation Plan was not conducive to in depth community consultation. Nevertheless efforts have been made to validate the views of the FLAG through an anonymous on line survey. This drew 28 responses in all, many providing informed and often passionate comments. All comments received were considered in depth by the FLAG and the LDS and Implementation Plan have been amended in light of this exercise.

SWOT Analysis

The SWOT analysis sets out areas that are capable of influence by the FLAG using EFF Axis 4 and thus begins to identify scope of possible investment.

PESTLE Analysis

The PESTLE analysis maps factors over which the FLAG can have little if any influence but which may be expected to affect the success or otherwise of the implementation of this LDS.

Objectives

The FLAG has set as a global aim that "by the end of 2015 the Pembrokeshire fisheries area will have a well established Fishing Local Action Group with effective processes and procedures that have supported the implementation of projects leading to at least 31 gross jobs created or safeguarded, 48 participants completing training, ten initiatives to improve the competitiveness of the fisheries area and five initiatives to add value to local fisheries produce."

To achieve this overall aim, four objectives have been set, thus:

- Objective A: Improving competitiveness in the fisheries area
- Objective B: Adding value to fisheries products
- Objective C: Regeneration and tourism in the fisheries area
- Objective D: Diversification from and within the fishing industry

Measures

Each Objective has been divided into two Measures

Objective A: Improving competitiveness in the fisheries area

Measure 1: Collaboration in the fisheries area
Measure 2: Innovation in the fisheries area

Objective B: Adding value to fisheries products

Measure 1: Processes and processing
Measure 2: Market differentiation

Objective C: Regeneration and tourism in the fisheries area

Measure 1: Supporting tourism infrastructure and services
Measure 2: Regeneration of the fisheries area

Objective D: Diversification from and within the fishing industry

Measure 1: Investment in diversification
Measure 2: Skills for diversification

Summary of resources required

It is understood that €750,000 is to be made available to implement this LDS. We have used the current WEFO planning rate of £1:€1.17 to estimate that this might equate to £641,000. Pembrokeshire County Council requires clarification from the Welsh Government regarding exchange rate risk, and reserves the right to amend the planning rate or take other steps to protect its position if the Council considers this necessary.

Subject to exchange rate fluctuations, of the available resources £517,900 will be made available for projects under Objectives A to D, £44,000 will be used to finance animation, evaluation and communication actions (ACE), £15,000 has been earmarked for co-operation and networking with other FLAGs and £64,100 will fund FLAG running costs.

Outcomes to be achieved

We anticipate that the LDS will achieve, *inter alia*, nine gross jobs created, 22 jobs safeguarded, two enterprises created, seven new products, processes or services and five new or innovative methods of adding value to local produce. We expect that 48 people will complete training courses of whom 30 will gain a qualification, 12 will enter further learning. We shall create or refurbish premises of 50 square metres and accommodate three enterprises. We shall induce £20,000 of private sector investment. If possible we shall exceed these targets.

Complementarity with the Wider Policy Framework

Attention has been paid to the wider policy framework at a European, UK and Welsh level. We also set out mechanisms in this LDS to ensure that the most appropriate funding is used for projects, so as to avoid the use of EFF Axis 4 where other funds are available.

Complementarity with other EFF Axes

The practice of the C2C FLAG will be not to use Axis 4 resources to fund activity eligible under other EFF Axes where resources are available under the other Axes. This will help to provide a clear demarcation between eligible activity under Axis 4 and the other Axes.

The approach to the stimulation of innovation

A four-fold approach will be taken. Firstly, Objective A Measure 2 is aimed at promoting innovation in the fisheries area. Secondly, projects under that Measure will be assessed so that other things being equal the most innovative project will be selected. Thirdly, the evaluation part of ACE will identify innovative practice within our delivery of EFF Axis 4 whilst the communication part of the ACE project will disseminate best practice and innovative ideas. Finally we see co-operation activity as facilitating the identification and sharing of innovative practice.

Sustainable Development and Environmental Sustainability

Sustainable development, encompassing the three pillars of social, economic and environmental sustainability, is a key principle behind the the EFF Regulation and needs to be addressed in the Local Development Strategy. The approach taken has been to use the Objectives to address the economic pillar, an equalities cross-cutting theme to address the social dimension and an environment sustainability cross-cutting theme to address the environmental component of sustainable development.

So far as environmental sustainability is concerned, the C2C FLAG has appointed advisors able to provide it with specific environmental advice. The Objectives may be expected to have some benefits for the environment. Project selection will include a question about the contribution to environmental sustainability, and environmental sustainability will be addressed through monitoring and evaluation of LDS funded activities.

Equal Opportunities

FLAG business will be conducted in line with the Pembrokeshire County Council's Welsh Language Scheme. FLAG membership aims for at least 40% membership from each gender. The current membership achieves this. All project applications will have to explain how they demonstrate a commitment to equal opportunities. Monitoring indicators, where appropriate, will be broken down by gender and specific equal opportunities monitoring indicators have been included in the suite of indicators. Evaluation work will address the extent to which the LDS has promoted equalities.

Co-operation

The C2C FLAG considers that co-operation and networking is a vital function for an effective FLAG strategy. In the current programme period we see our activity in this field as focusing more on networking to build links with other FLAGs, than on co-operation. We shall seek to conduct some of this networking using specialist social networks (the FARNET LinkedIn forum) to reduce costs.

Introduction

Pembrokeshire lies at the south west tip of Wales, surrounded on three sides by the sea. It should therefore be no surprise that fishing was taking place around the Pembrokeshire coast from as early as the 17th Century. The first fishing port to develop was Tenby, but this was eclipsed in the 19^{th} Century by Milford Haven. By 1925, the fleet at Milford had 110 steam trawlers in addition to a large number of drifters. After the Second World War the fishing industry in Milford Haven declined considerably due to overfishing. By 1983 the amount of fish landed at the port had declined to 1,062 tonnes. Since 1991, the future of Milford Haven was seen not to lie with the fishing industry. The extensive fish market was demolished along with other infrastructure, and the Old Mackerel Quay converted into a landing place for pleasure craft.

Communities with a history of fishing are scattered all along the Pembrokeshire coast. Today, many fishers operate not only from known ports and harbours (such as Fishguard, Abercastle and Porthgain, Solva, St Brides, Dale, Milford Haven, Pembroke and Pembroke Dock, Tenby and Saundersfoot) but also from beaches, coves and by launching from trailers.

So, today fishing is not a major industry in the county. Pembrokeshire's economy is based on tourism, agriculture, public sector employment and a few large employers, notably the Valero and Murco oil refineries on opposite sides of the Milford Haven waterway. The county is hampered in its economic development by its distance from markets in the major conurbations, and by its poor infrastructure whether road, rail or broadband.

The county's population reflects its lagging economy, with pockets of serious deprivation especially around the Milford Haven waterway, low wages yet high house prices, and economic inactivity. Unemployment is below Welsh and UK averages, but this may to some extent be a reflection of the high rates of self-employment. There is evidence that many Pembrokeshire businesses, the vast majority of which are micro-businesses, are trading at the margins of profitability.

Nevertheless, the county can rightly be proud of its high quality environment. It boasts the UK's only coastal National Park, and much of its land and sea is covered by environmental designations. This creates a tension between a desire for economic development and a responsibility for environmental stewardship in which each must always pay heed to the other.

This is the context in which the Cleddau 2 Coast Fishing Local Action Group has taken on the task of developing this Local Development Strategy, and in which it must implement it. The name of the FLAG is an acknowledgement of the importance not just of the Pembrokeshire coast, but also of the river Cleddau, or rather the two rivers – the Daugleddau – to the county's geography, economy and environment.

This Local Development Strategy has been developed relatively quickly, but it draws on a significant amount of pre-existing work, including an important body of community-led 'bottom-up' consultative research conducted by the county's Rural Development Plan for Wales (RDPW) Axis 4 Local Action Group, PLANED.

Supplementing this has been desk research conducted by the County Council's Regeneration Division including the RDPW Local Development Strategy and research conducted in preparation for the Local Development Plan. It has been supplemented by the knowledge contributed from the FLAG membership, and importantly those from the various aspects of the fishing industry.

This pre-existing work has also been supplemented by community consultation to ensure that the 'bottom-up' community-led local development approach is reflected in the Local Development Strategy (LDS). In recognition of the inevitable shortcomings that arise when strategic plans are developed in short time periods, proposals are included to maintain community linkages and organise consultative forums during the implementation of the LDS. This will ensure that the FLAG remains in touch with the needs, concerns and ambitions of the communities it seeks to serve, and to help the Strategy adapt to meet changing circumstances.

This document does not seek to set out a comprehensive strategy for the sustainable development of the Pembrokeshire fishing area; to do so would bring it into conflict with many other strategies and plans and would take much longer than the time available to produce this document.

Instead it sets out a strategy for the sustainable development of the Pembrokeshire fishing area within the context of Axis 4 of the European Fisheries Fund. It proposes how funds from EFF Axis 4 should be used during 2012 and 2013 to achieve some positive developments in line with this strategy, and how the strategy will work alongside other initiatives and programmes to contribute towards the overall betterment of the situation within the fishing communities in Pembrokeshire.

The document is intended to act as a framework for applicants interested in applying for funding to deliver aspects of our strategy.

More detailed information regarding operational processes and procedures, selection criteria, how the programme will be monitored and evaluated, and the intended contribution towards the cross-cutting themes of equal opportunities and environmental sustainability may be found in the accompanying Implementation Plan.

Background to the European Fisheries Fund

The European Fisheries Fund (EFF) is European funding instrument to assist the fishing sector in European Member States to adapt and adjust to changing circumstances and to become a more sustainable and competitive sector. The EFF was established by Regulation EC 1198/2006 and the detailed rules for its implementation are set out in Regulation EC 498/2007.

Under these Regulations, each EU Member State was required to prepare a National Strategic Plan and an Operational Programme setting out how the EFF would be used to benefit the fishing sector in the area concerned. The UK EFF Operational Programme runs from 2007 to 2013, with all monies to be spent by the end of 2015. However the Welsh Government has requested that this Local Development Strategy and its accompanying Implementation Plan should assume that all activities under Axis 4 will cease on 31 December 2013 at the latest.

Title IV of Regulation EC 1198/2006 organises the EFF around five Priority Axes. These are adopted for use in the UK as follows:

- Priority Axis 1 – measures for adjustment of the fishing fleet;
- Priority Axis 2 – aquaculture, processing and marketing;
- Priority Axis 3 – measures of common interest;
- Priority Axis 4 – sustainable development of fisheries areas;
- Priority Axis 5 – Technical Assistance.

Axes 1 and 2 of the EFF are open to applications direct from the industry, i.e. from individual businesses. Axis 3 will support collective actions for the benefit of the fishing industry generally, for instance improvements to fishing infrastructure and/or actions proposed by fishing collectives.

Axis 4 focuses on the sustainable development of *fisheries areas,* recognising that the issues facing individual areas will be different, rapidly-changing and complex, and cannot be dealt with by traditional policies and tools on their own. Instead, a "bottom up" approach is to be employed akin to the LEADER methodology (see box below), whereby communities themselves develop local strategies to support their sustainable development in ways that will create new and sustainable sources of income and improve their quality of life.

Initiatives that EFF Axis 4 can support are set out in Article 44 of EC 1198/2006 and repeated below:

a) Strengthening the competitiveness of fisheries areas
b) Restructuring and redirecting economic activities e.g. by promoting eco-tourism
c) Diversifying activities, maintaining and creating employment opportunities for fishermen
d) Adding value to fishing products
e) Supporting small fisheries and tourism-related infrastructure
f) Protecting the environment in fisheries areas
g) Re-establishing production potential in areas damaged by natural or industrial disasters

h) Promoting inter-regional and trans-national co-operation amongst fisheries areas through networking and disseminating best practice
i) Facilitating the preparation of the local development strategy
j) Contributing to the running costs of FLAG groups

The LEADER approach

Since it was launched in 1991, the LEADER Community Initiative has been working to provide rural communities in the EU with a method for involving local partners in steering the future development of their areas. The LEADER approach is based on the premise that, given the diversity of European rural areas, development strategies are more effective and efficient if decided and implemented at local level by local actors, accompanied by clear and transparent procedures, the support of the relevant public administrations and the necessary technical assistance for the transfer of good practice. The following seven key features summarise the LEADER approach: local public-private partnerships or local action groups; area-based local development strategies; bottom-up elaboration and implementation of these local strategies; integrated and multi-sectoral actions; innovation; networking; and cooperation. These are described in more detail at:
http://ec.europa.eu/agriculture/rur/leaderplus/pdf/factsheet_en.pdf.
[Source: Farnet]

The 'Cleddau to Coast' FLAG Partnership

Establishment and Engagement of the FLAG

The 'Cleddau 2 Coast' FLAG was established in July 2011 in response to the invitation issued by Elin Jones AM, the then Minister for Rural Affairs. The Inaugural FLAG meeting was held on 4 July 2011. It met again on 13 September 2011 and to prepare this Local Development Strategy (LDS) and its accompanying Implementation Plan (IP) met on 11 and 25 November, and 9 December 2011.

Partnership Chairman and Vice-Chairmen

At its meeting on 25 November 2011 the FLAG elected Nia Marshall as Chairman.

Membership of the Partnership

The full details of membership at 14 December 2011 is shown in the table below:

Sector	Organisation	Name	Alternate
Fishing industry	West Wales Shellfishermen's Association	Steve De Waine	Jeremy Arnold
	South & West Wales Fishing Communities Ltd	Marion Warlow	TBA
	Landsker Business Consultancy	Nia Marshall	Jeremy Bowen-Rees
	Welsh Inshore Scallop Fishermen's Association	Gareth Willington	TBA
	Welsh Seafoods Ltd	Sean Ryan	TBA
	Fishing Charter Boat Operators	Andy Truelove	TBA
Private Sector	Pembrokeshire Business Network	Gordon Barry	TBA
	Federation of Small Businesses	John Vincent	Stephen Cole
	Pembrokeshire Tourism	TBA	TBA
	Milford Haven Port Authority	Stella Hooper	Alec Don
Voluntary Sector	PLANED	Jane Howells	Merrill Mabey
	Fishermen's Missions	Greg Philpot	Steve Traynor
	Pembrokeshire Association of Voluntary Services (PAVS)	Sue Leonard	TBA
	Wildlife Trust of South & West Wales	Nathan Walton	TBA
	The National Trust	Jonathan Hughes	TBA
Public Sector	Pembrokeshire County Council	Kate Morgan	Martin White
	Pembrokeshire Coast National Park Authority	Michel Regelous	Charles Mathieson
	Pembrokeshire College	Nicky Howells	Aled Nicholas

Advisors

Organisation	Name	Alternate
Countryside Council for Wales	Anne Bunker	Andrea Winterton
Environment Agency Wales	TBA	TBA
Pembrokeshire Coastal Forum	Tonya Forsyth	David Jones
Menter a Busnes (Cywain)	Jon Parker	TBA

TBA = to be advised

The FLAG comprises eighteen members; seven of whom (39%) are drawn from the fishing sector (fishing industry plus fishermen's missions). These include people in the catching, processing and support sectors. As required by the UK EFF Operational Programme, at least one fishing enterprise is included on the FLAG. In addition, the FLAG includes four private sector, five voluntary and community sector members (including the RDPW Axis 3 LEADER Local Action Group for Pembrokeshire and fishermen's missions) and three public sector members. Thus a majority of the members of the FLAG are drawn from the private sector (56%). The public sector comprises only 17% of the partnership's composition.

Partnership Terms of Reference

The FLAG's Terms of Reference may be found at Part A of the Constitution of C2C, contained within the Implementation Plan.

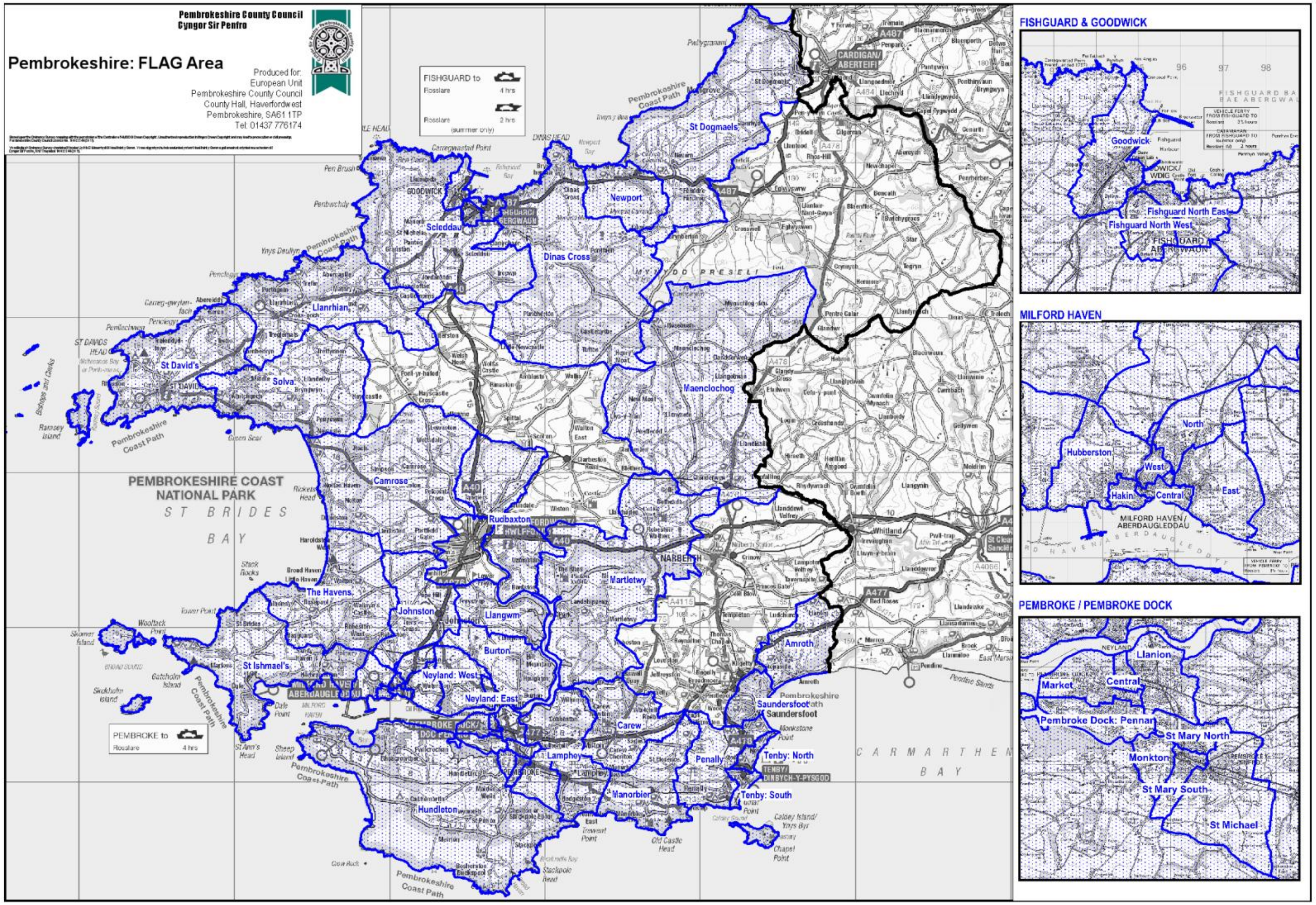
Partnership Legal Status

C2C does not have a separate legal identity and it is not envisaged that it will establish one. Instead its Lead Body will enter into legal agreements on its behalf.

Definition of the Pembrokeshire Fishing Area

The Pembrokeshire fishing area is defined as comprising the following electoral wards (see also map at Appendix A):

Ward	Population Residents mid 2009	Area (Hectares)	Population Density Pop/Ha
St. Dogmaels	2077	7857	0.26
Newport	1044	1768	0.59
Dinas Cross	1595	10041	0.16
Fishguard NE	1681	221	7.61
Fishguard NW	1456	168	8.67
Goodwick	1879	367	5.12
Scleddau	1461	7114	0.21
Llanrhian	1404	5270	0.27
St Davids	1685	4560	0.37
Solva	1521	5005	0.30
Camrose	2463	7039	0.35
Maenclochog	3071	12362	0.25
The Havens	1431	4220	0.34
St. Ishmael's	1343	4689	0.29
Milford Central	1900	67	28.36
Milford East	2098	495	4.24
Milford Hakin	2221	66	33.65
Milford Hubberston	2294	494	4.64
Milford North	2461	346	7.11
Milford West	2165	73	29.66
Johnston	2363	2502	0.94
Pembroke Dock Central	1709	35	48.83
Pembroke Dock Llanion	2705	257	10.53
Pembroke Dock Market	1629	124	13.14
Pembroke Dock Pennar	3126	214	14.61
Pembroke Monkton	1680	138	12.17
Pembroke St Mary North	1955	156	12.53
Pembroke St Mary South	1360	131	10.38
Pembroke St Michael	2295	744	3.08
Neyland East	2196	126	17.43
Neyland West	2183	1098	1.99
Carew	1564	2235	0.70
Burton	1750	2049	0.85
Martlewy	1443	8314	0.17
Llangwm	2230	1478	1.51
Rudbaxton	1620	3501	0.46
Hundleton	1714	9581	0.18
Lamphey	1597	2431	0.66
Manorbier	2065	2473	0.84
Penally	1621	2055	0.79
Tenby North	2163	233	9.28
Tenby South	2559	386	6.63
Saundersfoot	2716	677	4.01
Amroth	1232	1819	0.68
TOTAL	**84725**	**114979**	**0.74**


Pembrokeshire County Council
Cyngor Sir Penfro
Pembrokeshire: FLAG Area
Produced for:
European Unit
Pembrokeshire County Council
County Hall, Haverfordwest
Pembrokeshire, SA61 1TP
Tel: 01437 776174
FISHGUARD to
Rosslare 4 hrs
Rosslare 2 hrs
(summer only)
PEMBROKE to
Rosslare 4 hrs
PEMBROKESHIRE COAST
NATIONAL PARK
ST BRIDES
BAY
CARMARTHEN
BAY
St Dogmaels
Newport
Scleddau
Dinas Cross
Llanrhian
St David's
Solva
Maenclochog
Camrose
Rudbaxton
Martletwy
The Havens
Johnston
Llangwm
Burton
St Ishmael's
Neyland: West
Neyland: East
Carew
Amroth
Saundersfoot
Lamphey
Penally
Tenby: North
Tenby: South
Manorbier
Hundleton
FISHGUARD & GOODWICK
Goodwick
Fishguard North East
Fishguard North West
MILFORD HAVEN
North
Hubberston
West
Hakin
Central
East
MILFORD HAVEN /
ABERDAUGLEDDAU
PEMBROKE / PEMBROKE DOCK
Llanion
Market
Central
Pembroke Dock: Pennar
St Mary North
Monkton
St Mary South
St Michael

Summarised Description of the Pembrokeshire Fishing Area

The Pembrokeshire Fishing Area

The Pembrokeshire Fishing area as defined above covers 71% of Pembrokeshire's land area and 72% of its resident population. The statistical profile given below reflects the whole county as lower level statistics for the fishing area alone are not available.

Pembrokeshire's Socio-economic Situation

This assessment of county's socio-economic situation is subdivided into:

- Demography
- Economic scale
- Industrial structure
- Business and enterprise
- Workforce skills and qualifications
- Labour market
- Occupational structure of workforce
- Prosperity and deprivation

Demography

The demographic characteristics of any area have a fundamental influence on its economic performance and development in that it determines the size and make-up of the workforce. Table 1 compares age profiles for 2001 and 2010. The current median age for the county is 45, up from 42 since 2001, which maintains Pembrokeshire's position as the third 'oldest' of the 22 local authorities in Wales. By comparison, over the decade Cardiff has remained the youngest area in Wales, due to its high student population, with a current median age of 32. A consequence of the high median age is that Pembrokeshire's dependency ratio is equally high. As of 2010 the County's dependency ratio stood at 67.4, well above the Wales average of 58.2, with only Conwy and Powys having higher ratios. The economic implications of this are that in terms of the working age population, the County has proportionally one of the smallest in Wales in relation to its overall residential population.

Table 1: Age Comparison 2001-2010

	% Population by age groupings, 2010					Dependency Ratio		Median Age	
Area	**0 - 15**	**16 - 24**	**25 - 44**	**45 - 64**	**65+**	**2001**	**2010**	**2001**	**2010**
Pembrokeshire	18.5	10.1	20.9	28.7	21.8	65.7	67.4	42	45
Wales	18.2	12.5	24.2	26.5	18.6	60.1	58.2	39	41

Source: Office for National Statistics, Mid Year Estimates of Population © Crown copyright

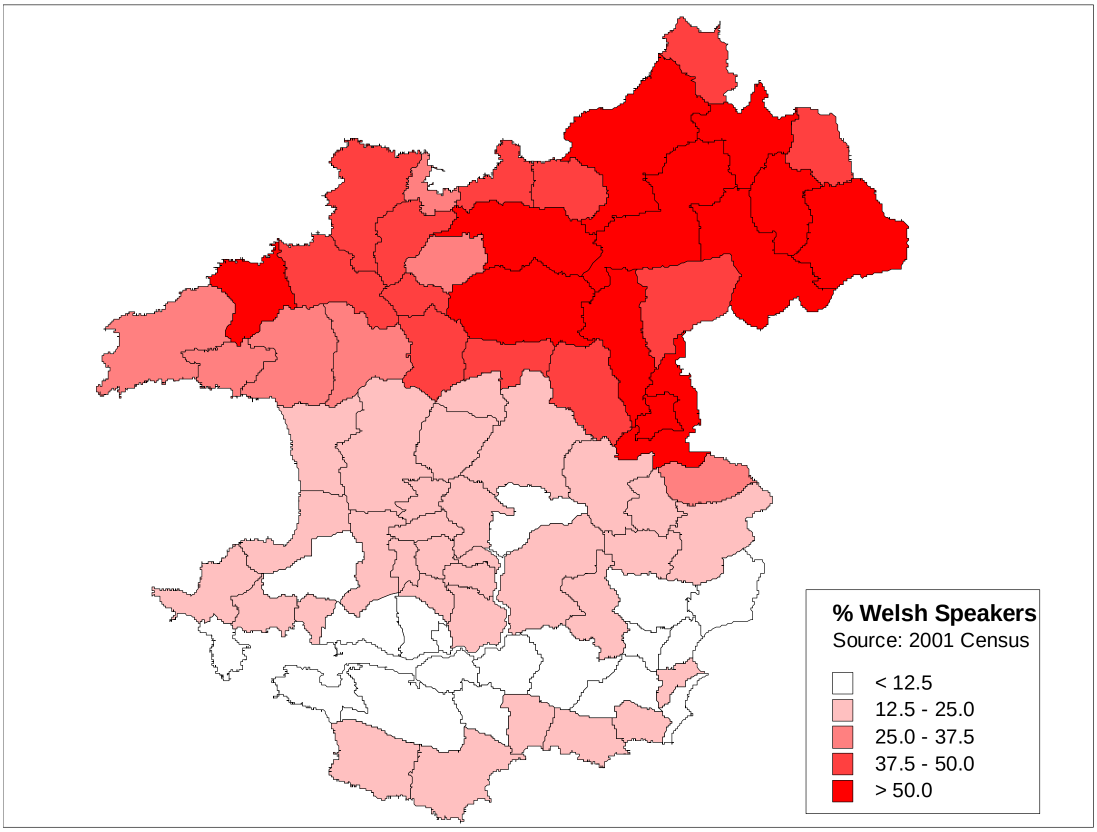
Migration flows have the most effect in changing the age structure of any area over time and thereby the make-up of the workforce. As Table 2 indicates migration had a more dramatic effect on Pembrokeshire's age structure between 2001-2010 than the previous decade. Between 1991-2000 the County's population increased by just 0.08%, due to an annual net migration total of just 44 persons. Between 2001-10 annual average net migration had increased to 600 persons, which resulted in a percentage change of 3.6% for the period, slightly above the Wales average of 3.3%

Table 2: Migration and Population Change				
	Pembrokeshire		Wales	
	Period 1991 - 2000	Period 2001 - 2010	Period 1991 - 2000	Period 2001 - 2010
Total Net Migration	400	5,400	31,200	87,000
Average Net Migration	44	600	3,467	9,667
Average Net Migration as % of 2000 Population	0.04	0.51	0.12	0.32
% Change in resident population	0.08	3.56	1.18	3.31

Source: Office for National Statistics, Mid Year Estimates of Population © Crown copyright

The 2001 census figures show that over 32,000 of Pembrokeshire's population has one or more skills in the Welsh language. This is 29.4% of the Pembrokeshire population compared to 28.4% in Wales. In the last decade, the county has moved up three places to become the 8th highest in Wales in terms of the percentage of Welsh speakers, and this reflects the growing interest in the language and culture within Pembrokeshire.

The distribution of Welsh speakers is heavily skewed towards the north and east of the county. This is clearly seen in the map below based on 2001 Census figures.



Economic Scale

The macro-economic scale of Pembrokeshire's economy can be assessed in relation to other areas of Wales both in terms of its output and its share of the region's employment pool. GVA per head is a measure of the economic activity in an area. GVA is used as a proxy of the amount of goods and services produced in an area while the per head factor permits comparisons across different areas by removing the impact of differing population sizes. Whilst other indicators are factors which impact on the performance of regional economies, this indicator provides a summary measure of economic performance. A high GVA per head indicates an economy which is performing well as it is producing a large amount of goods and services which have a high total value per person. Large differences exist in GVA per head across the Welsh local authorities.

Table 3: GVA and Employment 2001, 2008				
Area	**Share of Welsh GVA 2001**	**Share of total Welsh employment 2001**	**Share of Welsh GVA 2008**	**Share of total Welsh employment 2009**
Pembrokeshire	3.1	3.3	3.3	3.4
Wales	100.0	100.0	100.0	100.0

Source: Office for National Statistics © Crown copyright

In 2008, Pembrokeshire contributed approximately £1,500 million, or 3.3% to the Welsh economy, which ranks it 14th out of the Welsh local authorities. By comparison Cardiff contributed 18.7% of the Welsh total, with the smallest contributor being Blaenau Gwent (1.5%).

An additional economic indicator is the measure of an area's performance in relation to productivity. Table 4 shows that Pembrokeshire has improved productivity since 2001 both in terms of average earnings and GVA per head. In 2001 the County ranked 19th in Wales in terms of median gross weekly earnings and 17th in terms of GVA per head. As Table 4 shows, over the

Table 4: Productivity and Earnings				
Area	**Median Gross Weekly Earnings 2001**	**GVA per Head 2001**	**Median Gross Weekly Earnings 2010**	**GVA per Head 2008**
Pembrokeshire	301.1	9,156	454.4	12,688
Wales	341.3	11,565	451.1	15,222

Sources: Annual Business Inquiry/Annual Survey of Hours and Earnings, Office for National Statistics © Crown copyright

decade, earnings increased in Pembrokeshire by 51%, whilst by 2008 GVA per head had increased by 39%. By comparison Welsh earnings and GVA per head both rose by 32%. In 2008 GVA per head was highest in Cardiff at over 70 per cent above the Welsh average, whilst Pembrokeshire ranked 14th; over 16 per cent below the Welsh average.

Table 5: Economic Change 2001 – 2008			
Area	**% Change in GVA per Head 2001-2008**	**% Change in Median Gross Weekly Pay 2001 - 2010**	**% Change in Employment Total 2001 -2009**
Pembrokeshire	38.6	50.9	10.7
Wales	31.6	32.2	7.3

Sources: Annual Business Inquiry/Annual Survey of Hours and Earnings, Office for National Statistics © Crown copyright

Similarly the County has seen a significant increase in employment in recent years. Between 2001-09 the County's employment total increased by nearly 11%, the 7th highest percentage increase among Welsh local authorities.

<u>Industrial Structure</u>
The economic performance of any area is essentially influenced by its industrial structure and in advanced economies the critical structural trend is the growth of what has been termed 'the knowledge economy' across industrial sectors. An assessment has been made to ascertain how Pembrokeshire is performing in respect of innovation, technology, creativity, by examining the county's industrial structure from this knowledge economy perspective. In order to achieve this, a distinction has been made between knowledge based production and services as follows:

Table 6: Industrial Structure		
	Pembrokeshire	**Wales**
% Employees on Knowledge-driven Production 2008	0.02	0.36
% Employees on Knowledge-driven Services 2008	7.91	11.67
% Employees in Knowledge Economy 2008	7.9	13.0
% Change in Employees in Knowledge Economy 2001-2008	10.0	10.3
% Change in Public Service Employment 2001-2008	11.6	14.0

Sources: Office for National Statistics, Annual Business Inquiry © Crown copyright

- Knowledge-based production – aerospace, electrical machinery and optical equipment, printing, publishing and recorded media, chemicals and energy;
- Knowledge-based services – telecommunications, computer and related services, research and development, finance and business services, air transport services, recreational and cultural services.

Currently, just over 1 in 12 employees work in knowledge driven jobs in the County, a decrease since 2006. As for Wales as a whole the vast majority of knowledge based employees are employed in 'service' industries as opposed to manufacturing ones. Those local authorities with higher proportions of knowledge driven service employees than Pembrokeshire are those that have established universities or academic institutions, which employ large numbers of research and IT related development.

The public sector is an important driver of the knowledge-economy and, crucially, provides a 'buffer' against economic downturns. Pembrokeshire's public sector workforce has increased by 10% since 2001, which is in line with the Welsh average.

The tourism industry is of special importance to Pembrokeshire, and the county is a long established and globally known tourism destination. Tourism is a key industry in Pembrokeshire, the spin off benefits reaching far beyond the accommodation and attraction sectors.

During 2010 it was estimated 4,203,600 people visited Pembrokeshire, of which 1,857,700 were day visitors. The average stay in Pembrokeshire was 3.28 days.

Visitor spend in Pembrokeshire was estimated to have contributed £544 million to the local economy, and tourism supports an estimated 14,258 FTE jobs directly, with another 2,135 FTE jobs supported indirectly.

There are an estimated 99,353 visitor bed spaces in Pembrokeshire, of which 71% are estimated to be in the caravan and camping sector. There are approximately 4,523 self-catering units available, capable of accommodating over 20,000 people, and about 6,881 bed spaces available in serviced accommodation. Of the 3,172 estimated accommodation establishments in Pembrokeshire, 572 participate in Visit Wales accommodation grading schemes. Average annual room occupancy levels in serviced accommodation are low (44%) compared with a UK average of 60% and, although the seasonal emphasis is changing slowly, most visits occur between June and September.

There are 100 visitor attractions (63 of which are open all year) in Pembrokeshire, in which 56 organisations offer activities, more than any other county or “marketing area” in Wales, of which the five major ones, together with the Pembrokeshire islands, are capable of generating visits independent of the other facilities available in the county. Activity provision is also a strength, particularly those focusing on the resources of the National Park and the coast.

The economic value of the county’s environment (quite apart from its intrinsic landscape and biodiversity value) stems in large measure from its ability to attract tourists both initially and for return visits. The 186 mile Pembrokeshire coastal path is a good example. The importance of the sustainable management of Pembrokeshire’s environment to ensure its interest to tourists is therefore unquestioned, as is the importance of visitor management, for instance encouraging non-car access to the coast and countryside. Along with the coastal path, Pembrokeshire has 505 scheduled ancient monuments, 271 of which are within the National Park, and additionally 24 conservation areas (areas of special interest due to their townscape quality).

There are currently 324 art and craft producers and retailers in the county.

There is also a very healthy and growing local produce market, including an award winning Farmers Market which is held in Haverfordwest. Indeed, Pembrokeshire’s coast line, topography and mixed farming, create a natural larder. With the growing interest in food and its provenance Pembrokeshire has a growing reputation for its local and food drink, which is driving a growing food tourism sector of which local fish and shellfish are a significant part. This year alone Pembrokeshire won 14 True Taste Awards - the Oscars of the Welsh food industry, which ranged across hospitality, fish and food products and retail outlets.

The principal festivals and events held in the county are largely for the benefit of local audiences, although a few, such as the County Agricultural Show, Pembrokeshire Fish Week and the main music festivals, do attract significant numbers of visitors. Of the others most contribute to visitors' experiences but are incapable of attracting visitors in their own right.

Sea angling is one of the largest participatory recreational activities in the UK with Wales and especially Pembrokeshire having some of the best angling marks in the country. Sea angling is also a sport that has in the past generated complaints. Unused bait is often left in cliff crevices after fishing and the activity inevitably uses areas where there are cliff nesting birds and other wildlife yet there are no agreed voluntary restrictions. There are also concerns about the level of bait digging in sensitive areas for cliff and beach angling.

Business and Enterprise

A dynamic indigenous enterprise culture is crucial to the competiveness and overall economic success of an area. Currently Pembrokeshire has the 2nd highest business density i.e. number of firms per 1,000 population, (44.4) in Wales, being significantly higher than the Welsh average of 34.5. It is also evident that when it comes to size of business micro is the norm in Pembrokeshire, as it is for many rural areas. The average size of a business in Pembrokeshire (7.6 employees) in 2008 was nearly a third less than for Wales as a whole and second only to Powys.

The number of business births gives an indication of the entrepreneurial culture of an area and of growth potential. It is often cited as an important statistic in assessing the performance of the economy and the likelihood that this performance will be sustained. Business births are often assessed in comparison to the adult population in the area. Of the Welsh local authorities, in 2005, Pembrokeshire had the highest rate of business births per 10,000 working age population (80.5). Whilst the total number of new born business was lower in 2008 than 2005 across Wales, Pembrokeshire's rate (66.3) was still high, second only to Monmouthshire (77.9), and well above the Wales average of 48.6.

Survival rates of new businesses are also important and the 4 year survival rate for businesses registered in 2005 in Pembrokeshire (57.1%) was the fourth highest of local authorities in Wales and well above the Welsh average of 53.6.

Table 7: Business & Enterprise					
Area	% of Businesses in the Knowledge Economy 2008	% Change in Businesses in the Knowledge Economy 2001-2008	Businesses per 1000 population 2008	Average Business Size 2008	% Change in Business Units Total 2001-2008
Pembrokeshire	15.7	61.3	44.4	7.6	26.9
Wales	18.6	34.5	34.5	11.3	16.5

Sources: Office for National Statistics, Annual Business Inquiry/Business Demography © Crown copyright

Table 8: Business Formation						
	Newly born businesses 2005			Newly born businesses 2008		
Area	Total	Per 10,000 16-64 aged population	% Surviving 4 Years	Total	Per 10,000 16-64 aged population	% Surviving 1 Year
Pembrokeshire	560	80.5	57.1	470	66.3	94.7
Wales	10,875	58.3	53.6	9,220	48.6	94.3

Sources: Office for National Statistics, Annual Business Inquiry/Business Demography © Crown copyright

Workforce Skills and Qualifications

Pembrokeshire’s knowledge economy is powered by its human resource, itself measured according to the knowledge, skills and other attributes of the workforce. A more highly skilled workforce is generally more productive and, hence, more likely to produce a higher value of output and hence contribute more to a higher performing regional economy. In addition, highly skilled workers are more likely to find employment. Skill levels across regions can be captured using the proportion of the population aged 19-59/64 qualified to the various NVQ levels. While NQF level 2+ shows the more basic skills level (those with 5 or more GCSE), NQF level 4+ shows a higher skills level (those with Higher Education qualifications). Skills levels give an indication of the value of output workers can produce per hour worked and are generally considered to be a major factor in producing economic growth. Higher value added sectors generally require a workforce with a higher skill level. Overall Pembrokeshire has moderate levels of skills and qualifications. Three out of 10 working age people in the County (29.8%) have ‘higher end’ skills, which is below the Welsh average (35.6%) and ranks the area 17th among Welsh counties.

Table 9: Education & Skills				
	Pembrokeshire		Wales	
	2004	2010	2004	2010
% Working population with no qualifications	12.0	10.6	11.5	7.0
% Working population qualified with NVQ 1 or 2 only	33.7	26.4	30.9	28.6
% Working population with NVQ 3 only	16.9	21.1	15.4	17.1
% Working population with NVQ 4+ only	25.3	29.8	28.3	35.6
% in employment with Trade Apprenticeships	5.9	3.9	6.4	4.2
% of Employees who received job training in last 13 weeks	19.4	16.1	21.5	18.6

Sources:ONS, Annual Population Surveys © Crown copyright

At the other end of the academic scale, the proportion of the County's working population with either no qualifications, or qualified to NVQ Level 1/2 or equivalent (37.0%) is slightly higher than the regional average (35.6%). However the proportion of the working population with no qualifications is the worst of any Welsh unitary authority area; this is a full percentage point higher than the second worst (Gwynedd 9.6%) and one and a half percentage points higher than Merthyr Tydfil.

Labour Market

The performance of the County's labour market is essentially defined by the number of people actively producing goods and services divided by the number of people who could potentially be producing goods and services for a given age group. A rise in the employment level will lead to a rise in total output, so long as productivity remains unchanged. The 16-64 employment rate is often used as a factor in showing the economic performance of areas. Areas with lower employment rates will not be making productive use of a larger section of their working age population.

Table 10 shows that in 2010 Pembrokeshire had an employment rate of 65.9%, which ranked it 14th amongst Welsh local authorities.

There has been a marked deterioration in unemployment levels across Wales in recent years, although Pembrokeshire faired better than the majority of local authorities in the region. In 2004, the average monthly unemployment rate in the County was 2.8%, which was slightly higher than the Welsh average of 2.2%. In ranking terms, it represented the 4th highest unemployment rate among Welsh local authorities. By 2010, whilst the County's monthly unemployment rate average had increased to 3.3% it was below the Welsh average (3.9%), which related to it being the 6th lowest rate amongst Welsh Local authorities.

Whether a lack of employment opportunities leads to start-up activity of self-employed, or else higher rates of self employed indicates increased entrepreneurial activity, which in turn reduces unemployment levels, it is evident that Pembrokeshire has a significant number of self-employed. Over one in five employees are self-employed in the County, a level that has been maintained between 2004 and 2010 despite the rise in unemployment. Proportionally Pembrokeshire has the third highest rate of self employed in Wales, significantly above the Welsh average of 12.5%.

Table 10: Labour Market

	Pembrokeshire		Wales	
	2004	2010	2004	2010
% Male employees working full-time	86.7	87.8	90.7	87.3
% Female employees working full-time	50.7	53.2	56.2	56.6
Working Age Employment Rate	67.9	65.9	69.2	66.4
% Working Age Population - Econ Active	71.4	72.4	72.7	72.6
Average Monthly JSA Claimant Rate	2.8	3.3	2.2	3.9
Average Monthly Long Term JSA Claimant Rate	0.3	0.4	0.3	0.7
Self employed rate	21.0	20.9	12.0	12.5

Sources:ONS, Annual Population Surveys/ Job Seeker Allowance Claimants © Crown copyright

Occupational Structure of Workforce

The occupational structure of Pembrokeshire's workforce is a useful indicator of the County's progress towards developing a diverse, knowledge-based economy. This analysis of the occupational breakdown shows that the proportion of the employed workforce in manager and senior official occupations is below that of Wales as a whole, but showed signs of having increased since 2004. Whilst skilled worker levels in the County have decreased in recent years they are still well above the Welsh average.

Table 11: Occupation Profile				
Proportion of workforce employed in the following occupations:	**Pembrokeshire**		**Wales**	
	2004	**2010**	**2004**	**2010**
Managers & Senior Officials	10.9	11.7	12.6	13.2
Professional	8.0	8.0	10.8	12.8
Associate Professional & Technical	11.7	12.4	12.9	14.6
Administrative & Secretarial	11.0	8.3	12.1	10.5
Skilled Trades	17.4	16.7	12.9	11.7
Personal Service	10.7	12.4	7.8	10.3
Sales & Customer Service	6.8	8.0	8.5	7.5
Process Plant & Machine Operatives	8.0	8.1	9.7	7.6
Elementary	15.5	13.8	12.4	11.2

Sources:ONS, Annual Population Surveys © Crown Copyright

Prosperity and Deprivation

Good indication of an area's economic performance is provided by the level of overall prosperity of an area and the scale of deprivation that is evident. Table 12 includes two key prosperity indicators: average household incomes and house prices.

Table 12: Prosperity				
	Average Household Income		**Average House Price**	
Area	**2006**	**2010**	**July 2006**	**July 2011**
Pembrokeshire	£26,652	£27,885	£154,140	£146,268
Wales	£28,781	£30,906	£130,643	£119,892

Sources: CACI Paycheck; Land Registry HPI data © Crown Copyright

Currently, Pembrokeshire has the third lowest level of annual household income in Wales. Despite these low income levels, house prices in the County, which are currently the 5th highest in Wales, suggests affluence. It also means that currently the average house price in Pembrokeshire is 5.2 times higher than household income, which is second only to Ceredigion (5.8:1) in Wales. By comparison the Wales ratio is 3.9:1.

Pembrokeshire's Environmental Situation

Pembrokeshire's environment represents a significant and important economic asset, which is critical to industries such as tourism, agri-food and energy.

Beaches and the Coastal Zone

Pembrokeshire's landscape, in particular the 259 km long coastline, is recognised by the designation of the Pembrokeshire Coast National Park, which covers an area of 629 square kilometres.

The special nature of marine and coastal areas of Pembrokeshire is further recognised by the three marine Special Areas of Conservation (SACs) designated under the EU Habitats and Species Directive. Carmarthen Bay and Estuaries European Marine Site has both Special Protection Area (SPA) and SAC designations. Pembrokeshire also boasts Wales' only Marine Nature Reserve at Skomer. Many Pembrokeshire beaches have Blue Flags, Seaside Awards, and or Green Coast Awards.

The Built Environment

The long term decline of the Pembrokeshire economy has seen many town centre buildings fall into disrepair, which in turn makes the centres less attractive to visitors as well as deterring investors, thus creating a vicious circle of urban decay. This process has been exacerbated by changes in shopping and retailing patterns and consumer habits. These structural changes represent a continuing challenge in sustaining the viability of our towns.

Biodiversity

Pembrokeshire is both internationally and nationally important for a large range of habitats, including coastal, river, marine, lowland heaths and semi-natural oak woodland. These habitats support a large number of species, some of which occur only in Pembrokeshire, or species for which the county is one of only a handful of sites where they occur in the UK or Europe. Species such as seabirds and choughs contribute to the local distinctiveness of Pembrokeshire and are good "indicators" of the general health of the environment.

The international and national significance of Pembrokeshire's biodiversity is reflected by the fact that more than 6% of the total land area is within Sites of Special Scientific Interest (SSSI). There are eight National Nature Reserves and seven terrestrial SACs as well as the Pembrokeshire Marine SAC. There are also five SPAs designated under the EU Birds Directive.

However, loss of biodiversity is occurring probably primarily due to changing and intensifying land management practices[1]. Intensive dairying can result in problems of disposal of organic waste, which can cause serious pollution incidents, and agriculturally derived bacterial runoff in coastal catchments can cause failures in

[1] State of Wildlife in Pembrokeshire Report 2011. Available: http://www.pembrokeshire.gov.uk/content.asp?id=22546&d1=0

bathing beach standards and affect fish. The extended growing seasons that are occurring as a result of changing climate can have negative environmental consequences. Cultivation of crops such as maize and potato can result in bare soil during periods of high rainfall, with subsequent run-off of enriched sediment, and therefore increased soil erosion and potential water quality issues.

Pembrokeshire has important rivers for sea trout and salmon and there is considerable potential in the development of sea angling particularly bass fishing if exploitation was more effectively managed. Inland coarse fisheries are also important in attracting visiting anglers. However commercial fishing is a key factor affecting marine habitats and species in general[2]. Concerns include not only fishing activities but collection of worms as bait within sensitive areas for both commercial and recreational fishing, and 'ghost' fishing through lost gear.

Marine pollution

Pembrokeshire's long coastline, its extensive maritime industries and exposure to prevailing winds and tides makes it vulnerable to maritime pollution. Much expertise exists locally in dealing with marine pollution deposited on Pembrokeshire's coast, whether it be hydrocarbons, chemicals or inert and Pembrokeshire County Council is a member of a European network on shoreline response to pollution incidents. The ability of the appropriate authorities to respond to such pollution incidents is important not just to protect Pembrokeshire's environment but also its economy.

Other aspects include the use of toxic antifoulants and paints in vessel maintenance operations that may have detrimental impacts on the marine environment.

The Specific Situation of the Pembrokeshire Fishing Industry

Pembrokeshire no longer has an indigenous high seas fishing fleet and most of the Pembrokeshire fishing industry comprises under 10 metre vessels fishing principally within the six mile limit. Today, many fishers operate not only from ports and harbours (such as Fishguard, Abercastle and Porthgain, Solva, St Brides, Dale, Milford Haven, Pembroke and Pembroke Dock, Tenby and Saundersfoot) but also from beaches, coves and by launching from trailers.

The Catching Sector

Statistics published by the Marine Management Organisation show that the quantity and value of catch landed at Milford Haven has declined since 1999, continuing a long term trend since the temporary boom years at the end of WW2. In 1999 3,800 tonnes of fish and shellfish was landed at Milford Haven but this had fallen by 34% to 2,503 in 2009. However 2010 saw an increase to 3,348 tonnes, although these figures include landings of Belgian and Spanish vessels overlanding their catches to home markets with little being left for local processing or sale. The value of the catch in 2010 was £8,388,000. Of this, lobster accounted for 63 tonnes with a value of £728,000 and crab 639 tonnes at a value of £773,000. Wet fish accounted for 1,777 tonnes worth £5,571,000.

[2] *Ibid.*

Official statistics (NOMIS) show that employment in marine fishing in Pembrokeshire rose from 81 in 2008 to 158 in 2009. Whether this is sustainable given declining catches is doubtful.

An analysis based on information contained in Lenton, W.S. (2010) "The Fishing Boats and Ports of Wales: A Way to Explore" suggests the following distribution of fishing vessels around the Pembrokeshire coast:

Table 13: Pembrokeshire's Fishing Fleet

Port / Harbour	Number	Comments
Abercastle	4	All potters
Angle	2	
Broad Haven	2	All potters
Castle Pill	3	
Dale	2	
Dinas Head	1	Potter
Fishguard	11	Mostly potters; one scalloper
Freshwater Bay & Stackpole	5	Potters
Goodwick	2	
Llangwm	1	Mackerel jigger
Little Haven	3	
Llanstadwell	2	Netters and potters
Milford Haven	26	Including a beam trawler and a trawler/oyster dredger
Neyland	9	Mostly potters but one beam trawler, one whelker and one netter
Pembroke	4	Two anglers
Porthgain	7	All potters and netters
Porthclais	1	Potter
Saundersfoot	11	Includes three potters, four whelkers and two trailer launched
Solva	10	Potters and netters
St Brides Bay	2	
St Davids	1	Potter
Tenby	8	Mostly potters and whelkers

Fishing Grounds

Pembrokeshire's fishing grounds extend all around the coast but mapping their exploitation reveals a complex mosaic of seasonal activity. Many of the inshore fishermen pursue different fisheries throughout the year utilizing complementary fishing methods in response to the dynamic nature of the stocks of their target species and the marine environment[3]. The fishing grounds around Pembrokeshire are also important areas for other uses and this increasingly constrains fishing activities. Notable future threats are the creation of the Atlantic Array marine windfarm, which aside from denying access to an important area for fishing will also divert other shipping (including fishing vessels from other areas) into areas where fishing vessels from Pembrokeshire are currently active.

The Processing Sector

The main fish processing in Pembrokeshire concerns shellfish, predominantly crab and lobster. There has been an increase in local shellfish fishermen adding value to

[3] Woolmer, A. (2008) "Using Fishermen's Knowledge Base to Map Fishing Activity in South Wales" SWWFC Ltd. Study part funded by Objective 1 FIFG.

their own catch, as well as businesses processing local bought in catch. This has come from demand to fill the gap in supply chain to the hospitality sector locally and regionally as well as direct sales. Fully licensed shell fish processing units may be found in Walton West, Porthgain, Bethesda, Llanstadwell and Johnston. Smaller shellfish fishermen processing mainly for direct sale may be found in Solva and St Dogmael's.

As regards wet fish, processing mainly comprises filleting and portioning to add value and prepare for the retail and hospitality trade. The main centre for this is in Pembrokeshire is Milford Haven, processing both locally caught and imported fish, though filleting is also carried out at Burry Port in Carmarthenshire.

Currently most scallops fished are sent to Cornwall for processing (and then are imported into Pembrokeshire branded as Cornish!)

Several Pembrokeshire fish processors have won awards at the True Taste awards, in some cases for several years running.

<u>Demand for fish</u>

Local fish merchants target their sales towards the local foodservice and retail channels. Currently, the value of seafood within the UK foodservice market is estimated at £2.8 billion, although this has contracted as a result of the prevailing economic climate. Fewer consumers are dining out which is affecting suppliers. The foodservice market is still sufficiently large for development despite the downturn in sales for certain sectors. For example, high end restaurants are likely to continue as they are due to their customers being less affected by the recession. Within the retail market, fresh and chilled food is the main focus. Being able to supply seafood with sufficient shelf life is of paramount importance.

Within the industry there is a clear differentiation between shellfish and fresh wet fish. The UK shellfish market is currently worth £480m. Consumers tend to see shellfish as a special treat with 15% of consumers eating it only on special occasion and 13% eating it when dining at restaurants. The shellfish market has however grown faster than fish at a rate of 16.6% from 2006-2008. Prawns dominate this category with about 77% of the market. Scallops account for around £14m or 3%. There is potential for the market share of scallops to grow.

The UK market for fresh wet fish is worth £990m of which over 72% of the market is dominated by cod, salmon and haddock. Species such as pollock, plaice, sole and seabass make up a further 12.9% of the market. The interest in these less mainstream species is growing especially with the major multiples introducing chilled counters offering the 'fishmonger' experience instore.

Within the UK, Welsh lobster processors/suppliers are competing against suppliers of other fish and meat products as well as each other. The current supply is consolidated amongst large producers focusing heavily on price and dominated by large UK fish processors. The key challenge for Welsh suppliers is to find an entry route into the market by either targeting the customer who wants a product with little processing or to establish a niche in the market which is currently not being satisfied.[4]

The shellfish market is dominated by prawns, which are currently experiencing good growth, although other shellfish species including mussels, scallops, crab and lobster are increasing their share of the market.

Lobster sales are highly seasonal with sales increasing over 900% leading up to December, accounting for 30% of total sales. Crab sales continue to perform well and are in strong value and volume growth despite price increases. Crab sales tend to peak over the summer months but have relatively strong sales all year round.

Crab and lobster are not key species within the shellfish market as a whole with the more well known and fashionable species such as scallops and mussels generating a greater share of sales. However crab and lobster sales are significantly higher within the fresh market. Frozen sales of crab and lobster are in strong growth, although starting from a very low base.

Trends indicate that processors of other shellfish have been successful in developing the market with value added products which sit alongside less processed products on the shelf. The key examples are the value added mussel products which are now stocked in each of the main multiples.

Within the main multiples, lobster is most often sold whole and cooked in the chilled counter or in the frozen section of the supermarkets and online. All retailers predominantly sell the Canadian lobster which can weigh as little as 290g (suitable for one person). Due to the minimum landing size in the UK, Welsh lobsters are larger in size, weighing from 450g and are therefore more expensive, which in turn restricts sales. Existing processed lobster products tend to be sold in stores with an upmarket customer base and current products tend to be over-processed with added ingredients, increasing the cost.

The processed crab market is dominated by a number of large seafood wholesalers who have established themselves with a range of pre-packed items. However they do not offer a Welsh product and they are only sold in a limited number of main multiples. This could represent an opportunity for a Welsh producer to set up their own facility and displace the other offerings in Wales or to collaborate with the established wholesalers to supply Welsh crab into their retailers through their existing distribution network.

More and more consumers are thinking about where their produce comes from and consider this a deciding factor in sourcing food.

Recreational Fishing

There are seven charter boats offering recreational fishing trips, mainly for mackerel, from Pembrokeshire harbours. Other charter boats are also available that may on occasions be used by recreational anglers though some are mostly used for diving.

[4] Levercliff research, January 2010 "To support the development of live and cooked crabs and lobsters into the UK retail and foodservice markets"

The fishing charters operate from Porthgain, St Davids, Milford Haven, Tenby and Saundersfoot.

Governance

The fishing industry in Pembrokeshire has a number of collective bodies that can act as the voice of the industry. Notable amongst these are the South & West Wales Fishing Communities Ltd, the West Wales Shell Fishermen's Association and the Welsh Inshore Scallop Fishermen's Association, all of which are represented on the Cleddau 2 Coast FLAG. There are a number of other associations and it may be argued that the number of fishermen's associations serves to demonstrate the fragmented nature of the industry.

Local Initiatives

Pembrokeshire has an established fish festival, Pembrokeshire Fish Week, which runs events throughout the county in June each year, just outside the main tourism season. Pembrokeshire Fish Week is organised by the Regeneration Division of Pembrokeshire County Council, and is now recognised as one of two or three major fish festivals in the UK. It presents a major opportunity to raise awareness of fish and Pembrokeshire's fishing industry that should be exploited to the full.

Another local initiative is Pembrokeshire Produce Direct, a community business that won a Silver Award at the 2011 True Taste Awards for on-line retailing. Their offer includes fish and shellfish as well as value added items, and could provide a means of increasing local sales of fisheries produce.

There are a few examples of fishing heritage projects in the county. One is Milford Haven Museum, which includes displays related to both the fishing and whaling industries. A community group is believed to be interested in establishing a fishing memorial in Milford Haven, and a community group in St Dogmaels has been involved in documenting, and reviving fishing using traditional methods of coracles, seine nets and shot mawr on the River Teifi.

Community and Stakeholder Engagement

The timescale for the preparation of the Local Development Strategy and Implementation Plan and their submission to the Welsh Government meant that there was not the opportunity for the in depth community and stakeholder engagement that would normally have taken place when developing strategic plans of this type. Considerable reliance has been placed on the membership of the Cleddau 2 Coast FLAG itself, especially for its knowledge of the fishing industry in Pembrokeshire.

Nevertheless efforts were made to validate the initial thinking of the FLAG by means of an online self-completion survey containing two open ended questions developed by the FLAG Secretariat. This survey was placed on the 'Have Your Say' section of Pembrokeshire County Council's website (www.pembrokeshire.gov.uk/haveyoursay) and was publicised through articles in local papers. The FLAG Secretariat also gave an interview to the "On the Waterfront" programme which was broadcast on Radio Pembrokeshire. The opportunity was provided for the consultation to be answered in either English or Welsh. Timescales for the consultation were tight, with the survey being live on the website from Wednesday 9th November – Wednesday 23rd November 2011. To try to boost the response rate, the Council's Regeneration Division e-mailed hyperlinks to the online consultation to known stakeholders and FLAG members were encouraged to do likewise.

A total of 27 responses were received. In addition a further response was sent directly to the FLAG Secretariat.

Consultation on the draft SWOT

The first question, which allowed a free text answer, asked for comments in respect of a draft SWOT analysis. There were 23 responses and many commented that the SWOT was a good overall summary. However, some respondents remarked on various aspects which they felt the SWOT over or under-emphasised, or had overlooked. The main themes of these comments were:

<u>Margins within the fishing industry</u>

There were strong views that fishing remained profitable and that margins were not as poor as had been suggested. However others commented that prices for locally bought fish were probably lower than they should or could be due to there being a small number of buyers which limited competition. This raises questions whether low prices contribute towards overfishing.

<u>The tension between fishing and conservation</u>

As might be expected there were strong views on both sides of this debate. It was argued that "*the shellfish sector, which makes up the vast majority of Pembrokeshire's fishing activity, is by nature a very selective and sustainable way of fishing*", not least because measures were already in place to protect stocks i.e. minimum landing sizes and V-notching. It was noted that "*Pembrokeshire has the largest minimum landing size for lobster in the UK*". Another respondent agreed that "*potting for lobster, crab and prawns by local boats appears to be relatively sustainable*", but that most other fishing was unsustainable.

There was special concern about scallop fishing off north Pembrokeshire. "*Millions of pounds worth of scallops have been landed in Fishguard Harbour in the past five years by boats mainly from Scotland, Ireland and England with little or no benefit to the local economy. What could and should be a sustainable, well regulated local fishery has resulted in a free for all. It has happened in the past and the fishery will collapse sooner or later as it did in the past due to overexploitation*." A contributory factor was said to be an over-stretched Fisheries Protection service.

A respondent suggested that *"Funds should specifically be targeted toward environmental enhancement - specifically to reduce both the direct and indirect impacts of fisheries on the environment."* It was also argued that *"The [fishing] sector has strong political influence out of all proportion to its economic and social importance, and which is a threat to the environment."* Quotas were seen as a strength as they would allow fish stocks to be rebuilt. It was argued that in any case quotas had no effect on the majority of the Welsh inshore fleet, as they focused on non-quota species. Instead the number of species subject to quota should be increased.

There were directly opposing views regarding the closure of areas to fishing, for instance to allow marine energy developments. For some this was an opportunity to rebuild over-exploited stocks rather than a threat. For others the threat was all too real: *"To put a total ban on these important fishing areas would have a detrimental effect on fishing businesses and fishing families."*

<u>Adding value to local fisheries produce</u>

An aspect on which many respondents agreed was the need to find ways to add value to local fisheries produce. One aspect of this was the desirability of some way to trace fish sold to consumers back to Pembrokeshire and even to the individual fisherman who caught it. This might be achieved using some means of tagging and a website. It was argued that this would help encourage sustainable and responsible fishing. Another respondent argued for a local labelling initiative. Linked to this point were comments that Pembrokeshire's shellfish and wet fish were of very high quality and yet the county was not known for its fisheries produce. It was argued that a marketing effort to convey this message would be beneficial.

Whilst several respondents voiced concern about the extent to which Pembrokeshire's fishing produce was exported with little, if any, value added in the county one response noted that *"it is important to realise that foreign markets are essential to sell the amount of shellfish landed and these markets take products that aren't popular in the UK, e.g. spider crab and velvet crab."*

There was universal agreement that the re-introduction of fish processing to Pembrokeshire was of great importance but the main barrier would seem to be the volume of catch necessary to make such processing commercially viable. One processing option suggested was smoking.

The only point on which respondents disagreed was fish wholesaling. Whilst the lack of fish wholesaling was mentioned as a weakness in the local industry, it was pointed out that a fish market had been established some years before with FIFG[5] support but it had not proved viable and had since closed.

Whether the SWOT focused too much on the fishing industry to the exclusion of fishing communities

Some respondents took the view that the SWOT focused too much on the issues facing the fishing industry to the exclusion of those affecting fishing communities. There was a view that an opportunity that had been overlooked was to educate people in fishing communities about fish, including preparation techniques and cooking. It was argued that this would be appropriate both for people living in fishing communities and also the hospitality trade, and that people should be educated to consume more the sustainable species. The fact that fish was a healthy food should also be stressed. Finally, the point was made that the county's fishing and coastal communities had to be properly engaged if the Local Development Strategy was to be successful.

Links with tourism and recreation

Several respondents drew attention to the links between tourism and fishing, even if this was only using the same resource, i.e. the county's coastal waters. Recreational fishing was felt to be a real opportunity. One respondent commented *"There should also be more emphasis on marketing Pembrokeshire as a fishing venue for the serious angler. There are only about 4 proper fishing charter boats available in the county compared to Somerset (14), Dorset (54), Devon (27) and Cornwall (24) despite Pembrokeshire having some of the finest fishing."* This response may underplay the number of boats offering fishing experiences for tourists in Pembrokeshire (we know of seven) but nevertheless the point is that there is scope for expansion.

There was some scepticism about the scope for diversification into wildlife tourism. It was noted that *"Pembrokeshire already has a significant wildlife excursion boat trip industry. It has been hit by the economic downturn and there is little capacity for expansion."* More broadly, one respondent considered that *"Leisure boating facilities and commercial fishing are not really compatible."* Another considered that the top priority was to ensure harbour toilets were open all year round as this would benefit both visitors and fishermen.

It was argued that there should be investment to encourage more visitors to Pembrokeshire and that this would indirectly benefit the fishing industry as *"More tourists will consume more fish."*

The opportunity to exploit alternative coastal produce

One respondent drew attention to alternative coastal produce, arguing that we *"should also highlight the growing markets in seaweeds, sea vegetables and sea herbs which are ... abundant on our coastline."*

Aquaculture and marine energy

One respondent noted that aquaculture appeared to have been overlooked and wondered whether it should be regarded as an opportunity or a threat. Specifically,

[5] FIFG: Financial Instrument for Fisheries Guidance – the predecessor to the European Fisheries Fund.

the respondent considered that opportunities might arise for farming shellfish close to underwater installations.

<u>The facilities available to the fishing industry in the county</u>
Apart from the comment recorded above regarding harbour toilet facilities, attention was drawn to the range of fishing related facilities at Milford Docks, which *"include flake ice, ... cold store on site, bunkering, stores, designated landing berths and industry landing platforms, fresh water facilities, shore power available and lay-up berths with comprehensive marine based repairs."* However another respondent was less impressed: *"Facilities in Pembrokeshire compared to other UK regions are ... well below standard."* These comments are not necessarily contradictory, but may be taken to imply that harbours other than Milford Haven need the most investment.

One respondent drew attention to the recent Harbour Revision Order at Saundersfoot and expressed the view that this would remove a significant barrier to development at the harbour thus presenting opportunities that had hitherto been lacking.

<u>Fishermen's attitudes</u>
The draft SWOT had suggested an entrepreneurial attitude amongst fishermen. One respondent felt this was mistaken: *"Care is needed to distinguish an "entrepreneurial attitude" from a constant unsustainable move from one target species to the next as each becomes overexploited."* Moreover, this respondent felt that *"Export of catch without local value added demonstrates an absence of entrepreneurial attitude."*

<u>Fishermen's organisations</u>
The draft SWOT had included as a strength the fact that fishermen had formed various associations to pursue collaborative action. One respondent felt that this could be read as a sign of weakness, in that the fact there were multiple organisations and that (in the respondent's opinion) these were *"constantly changing"* demonstrated how factional fishermen were.

<u>Climate change</u>
Finally one respondent saw increasing fuel costs as an opportunity: "to develop more sustainable capture methods and contribute to reduced fossil fuel consumption and carbon emissions." However, this would seem to overlook that there are much more carbon intensive industries than fishing.

Use of the Consultation on the draft SWOT
The information received was presented in full to the C2C FLAG for debate at its meeting on 25 November 2011. It has been used to develop the final version of the SWOT analysis shown below. The SWOT analysis has now been accompanied by a PESTLE analysis in which are shown contextual matters whether political, economic, social, technological, legal or environmental. This has helped to focus the SWOT only on those matters that the FLAG might be able to influence.

Consultation on LDS Objectives
The second question in the on-line survey asked respondents to rank in order of priority the first six areas of activity specified in Article 44 of the EFF Regulation.

Respondents were asked to write a number in the box next to each activity, 1 for the activity that was most important to them, 2 for the second most important etc.

There were 27 responses to this question. Three responses were, however, invalid (i.e. respondents had used the same number more than once) and were therefore been omitted from the final results.

Options rated as 1 were allocated a score of 6 points, options rated as 2 scored as 5 points, options rated as 3 scored as 4 points etc to provide overall scores and a rank order. These scores were then converted so that the second and lower ranked activities were given a score that was the percentage of the score of the highest scoring activity. This was done to allow ready comparisons of the relative importance attached to each. The outcome is given in the table below:

Article 44 Measure	Title	Score	Rank
(a)	Strengthening the competitiveness of fisheries areas	100	1
(d)	Adding value to fisheries products	89	2
(e)	Supporting small fisheries and tourism infrastructure	84	3
(f)	Regenerating coastal villages with fishing activities	73	4
(b)	Restructuring and redirecting economic activities	66	5
(c)	Promotion of multiple employment for fishers	64	6

This result was also presented to the C2C FLAG at its meeting on 25 November, and again at the meeting on 9 December. It was used to inform the development of objectives and measures for the LDS and also the allocation of resources.

Plans for Continued Community Engagement

The Cleddau 2 Coast FLAG has set aside a budget of £15,000 to continue to carry out community engagement and animation activities as the delivery of the LDS takes place. This budget forms a part of the ACE project.

SWOT Analysis

Strengths	**Weaknesses**
➢ Established links between food and hospitality sectors ➢ Sport fishing ➢ Recognised tourist destination ➢ Pembrokeshire Coast National Park ➢ Established tourism destination ➢ Pembrokeshire Fish Week festival ➢ Good infrastructure at Milford Docks ➢ Burry Port hub ➢ World renowned coastal landscape ➢ Important wildlife and habitats ➢ Various existing fishermen's' organisations ➢ Recognition of importance of conservation – e.g. lobster V-notch scheme ➢ Fish quality ➢ Interest in fishing heritage	➢ Lack of consumer knowledge of fish ➢ Fragmented industry ➢ No local fish market ➢ Export of catch without local value added ➢ Lack of a brand for Pembrokeshire fish or shellfish ➢ Distance to larger markets ➢ Low incomes ➢ Hard pressed communities though few designated regeneration areas ➢ Sector lacks political influence ➢ Lack of infrastructure at some ports/harbours ➢ Fledgling entrepreneurial attitude amongst some fishermen ➢ Lack of continuity of supply ➢ Focus on a few target species, especially lobster and crab ➢ Fishermen's lack of knowledge of the market ➢ Conflict between recreational and commercial fishing
Opportunities	**Threats**
➢ Sell to visitors & tourism trade ➢ Technological innovations to reduce waste, reduce costs and increase margins e.g. internet sales ➢ Added value processing ➢ Diversification away from fishing ➢ Support for fishing families ➢ Create a brand for Pembrokeshire fish and shellfish, building on the Pembrokeshire Produce Mark linked to responsible fishing scheme ➢ Increase local sales of fish ➢ Introduce apprenticeships linked to fishing industry ➢ Develop knowledge of how to prepare & cook fish ➢ Multiple distribution centre ➢ Further collective action ➢ Enthusiasm for development of fish tourism ➢ Enhance existing coastal initiatives ➢ Saundersfoot harbour revision order ➢ Environmental enhancements ➢ Appropriately located aquaculture ➢ Celebrating fishing heritage & culture	➢ Loss of experience as people retire ➢ Supermarket domination of retail market ➢ Black market presents a threat to legitimate sales of fish ➢ Deterioration of town centre environments deters visitors ➢ Possible over-fishing of scallops ➢ Depressed prices to fishermen ➢ Lack of guidance on EFF Axis 4 ➢ Timescale for preparation of Local Development Strategy and to put all administrative processes in place

PESTLE Analysis

Political ➢ Reform of Common Fisheries Policy ➢ Fishing industry not seen as a political priority, whether in absolute terms or in relation to other competing priorities (e.g. marine renewables, environmental protection) ➢ Tax increases on fuel ➢ Ban on subsidies (State Aid rules) ➢ Licensing requirements ➢ EU commitment to support fishing sector through European Fisheries Fund (European Maritime & Fisheries Fund from 2014)	**Economic** ➢ Trend of long term decline in UK fishing industry ➢ Fishing quotas ➢ Rising costs (e.g. fuel) ➢ Competition from foreign fleets ➢ Competition from west of England ➢ Increasing restrictions on fishing areas due to conservation, shipping lanes, military use and marine energy ➢ Recession and lack of finance ➢ Cost inflation outstrips increase in price of catch, reducing viability of fishing ➢ Lack of availability of loan finance ➢ High cost of entry to fishing industry ➢ Dearth of alternative employment opportunities ➢ High income/house price ratio
Social ➢ Lack of new entrants and effect on age profile of fishermen ➢ Multi-faceted and deeply entrenched social problems facing all communities ➢ People more aware of sustainable fishing	**Technological** ➢ Effect on relative competitiveness (negative or positive) of the Pembrokeshire fishing fleet as a result of adoption of technology by the fleet and competing fleets
Legal ➢ Pembrokeshire Marine SAC highly protected under EC Habitats Directive, including Milford Haven waterway – projects must not have an adverse effect on the SAC ➢ Other areas also protected by Habitats and Birds Directives ➢ Impact of Marine & Coastal Access Act 2009 – including proposed designation of Marine Conservation Zones	**Environmental** ➢ Impact of past and present fishing practices on fish stocks ➢ Pollution, e.g. oil, flotsam & jetsam and agricultural run-off ➢ Disease in shellfish ➢ Effect of global warming on ecology and weather ➢ Over-stretched fisheries protection service

Objectives

The analysis presented above, together with the consultation results and debate between FLAG members has identified the key issues facing the fishing area in Pembrokeshire. To the extent that these are capable of being influenced by the FLAG and its LDS these summarised in the SWOT analysis. Other factors that set the scene within which the LDS must be implemented are set out in the PESTLE analysis.

The overall aim is that by the end of 2015 the Pembrokeshire fisheries area will have a well established Fishing Local Action Group with effective processes and procedures that have supported the implementation of projects leading to at least 31 gross jobs created or safeguarded, 48 participants completing training, ten initiatives to improve the competitiveness of the fisheries area and five initiatives to add value to local fisheries produce.

To achieve this aim the Cleddau 2 Coast FLAG takes the view that the Local Development Strategy should focus on four objectives that address the key issues identified as facing the fishing area. The four Objectives are:

- Objective A: Improving competitiveness in the fisheries area
- Objective B: Adding value to fisheries products
- Objective C: Regeneration and tourism in the fisheries area
- Objective D: Diversification from and within the fishing industry

More detail on each of these is provided below:

Objective A: Improving competitiveness in the fisheries area
This includes the economic performance of fishing businesses but goes well beyond this. It reflects a concern about low incomes for households and businesses in the fisheries area and acknowledges that to address this we need to encourage enterprises within and beyond the fishing sector to work together to their mutual advantage. Supported collaboration might involve the fishing and tourism industries, harbour authorities, the third sector and/or the public sector. In addition, we need to become more innovative and to use our knowledge and abilities in new ways in order to increase the prices for our produce, to reduce our costs and to improve the economic and environmental sustainability of our economic activities. What this objective does not imply is any increase in our fishing effort. This is something that the FLAG cannot support. Rather we are concerned with finding ways to increase incomes from the same or lower levels of fishing effort.

This objective links to measure (a) in Article 44 of the EFF Regulation.

The indicative budget for this objective is £155,370 (24.24% of the Axis 4 resources available to the C2C FLAG).

Objective B: Adding value to fisheries products
There is a general consensus that much more needs to be done to ensure that value is added to fisheries produce in Pembrokeshire. Value might be added through changing work practices, reducing the length of the supply chain, processing and market differentiation. This objective will focus on processes, processing and branding. Developing new processes will help cut costs and so increase margins. Developing the processing of fisheries products will help to increase prices, whilst market differentiation (for instance through branding) will also help to increase prices.

This objective links to measure (d) in Article 44 of the EFF Regulation.

The indicative budget for this objective is £155,370 (24.24% of the Axis 4 resources available to the C2C FLAG).

Objective C: Regeneration and tourism in the fisheries area
This objective focuses on the fishing communities. Pembrokeshire already has an important tourism sector but its coastal towns show signs of decay and require investment to ensure they continue to meet or surpass visitors' expectations and the needs of residents. This objective will also encompass the building of links between the fishing sector and the residents of and visitors to Pembrokeshire's fisheries areas, for instance through encouraging the consumption of sustainably, locally caught fish, shellfish and fisheries products. The intention here is to improve the economic performance of the fisheries areas as a whole.

This objective links to measures (e) and (f) in Article 44 of the EFF Regulation.

The indicative budget for this objective is £129,475 (20.2% of the Axis 4 resources available to the C2C FLAG).

Objective D: Diversification from and within the fishing industry
This objective will provide support to fishermen wishing to diversify their activities, provided that no increase in fishing effort results. It will support investments needed so that the diversification can take place, for instance purchase of equipment. It will also fund skills training for fishermen or others employed in the fishing industry so that they can apply those new skills in sectors other than fishing. This objective is not intended to encourage fishermen to leave the industry but rather to allow them to diversify their sources of income. The objective will not support decommissioning of vessels.

This objective links to measures (b) and (c) in Article 44 of the EFF Regulation.

The indicative budget for this objective is £77,685 (12.12% of the Axis 4 resources available to the C2C FLAG).

The balance of the resources (£123,100 or 19.2% of the Axis 4 resources available) will be used to finance co-operation and networking activity, animation, communications and evaluation, and FLAG running costs. These activities are described elsewhere in the Local Development Strategy and/or the accompanying

Implementation Plan.

Measures

The Local Development Strategy is to be implemented through a number of Measures. Project proposals should address one Measure only.

Objective A: Improving competitiveness in the fisheries area

Measure 1: Collaboration in the fisheries area

Rationale: This measure sets out to encourage collaboration between different enterprises within the fisheries sector so as to achieve results that could not be achieved through individual action.

Scope of actions: joint action to improve the viability and efficiency of enterprises operating in the fisheries area. The acceptability of small grants schemes (or similar mechanisms) under EFF Axis 4 is presently unclear. Applications for small grants schemes will therefore not be accepted unless clearance is received from the European Commission.

Complementarity and demarcation: This measure will not support collective action between fishermen that could be supported under EFF Axis 3[6]. Projects that could seek funding from the Local Investment Fund will be expected to do so.

Target beneficiaries: Fishing enterprises, including self-employed fishermen, non-fishing enterprises, incorporated associations, chambers of trade, third sector organisations, training providers, trade unions, harbour authorities and public sector organisations including local authorities.

Resources: The indicative budget for this measure is £77,685 (12.12% of EFF Axis 4 resources available to the C2C FLAG).

Outputs and Results: The measure is expected to produce the following outputs and results:

Output Indicator	Unit of Measurement	Target
Enterprises assisted	No.	3
Enterprises financially supported	No.	3
Organisations assisted	No.	3
Organisations financially supported	No.	3
Community led projects	No.	NTS[7]
Private sector led projects	No.	NTS

[6] EFF Axis 3 covers measures of common interest with a broader scope than those usually undertaken by private enterprises. See the UK EFF Operational Programme. See http://archive.defra.gov.uk/foodfarm/fisheries/documents/fisheries/20080912ukoperationalprogramme.pdf and also the section of this document dealing with complementarity with other EFF axes.

[7] NTS: No target set but indicator should be used by project sponsors when appropriate to the nature of the project.

Result Indicator	Unit of Measurement	Target
Gross jobs created	FTE	2
Jobs safeguarded	No.	5
Enterprises accommodated	No.	1
Enterprises adopting or improving environmental management systems	No.	1
Organisations adopting or improving environmental management systems	No.	NTS
Enterprises adopting or improving equality and diversity strategies	No.	2
Organisations adopting or improving equality and diversity strategies	No.	NTS
Private investment induced	£	2000
Premises created or refurbished	m^2	20

Indicative Actions: joint action to create new or improve existing facilities at ports and harbours; joint action to shorten the supply chain for fisheries products; joint action to improve business processes including in environmental management and equal opportunities; improving efficiency by sharing of common services; collaborative initiatives to support the supply of locally landed fish and shellfish; etc.

Measure 2: Innovation in the fisheries area
Rationale: This measure will support innovative actions that will result in improved competitiveness of enterprises in the fisheries area, whether by increasing prices achieved for produce, or more likely reducing costs of production or enhancing the environmental sustainability of operations, for instance by reducing waste.

Scope of actions: Support will be available for the development and adoption of new technology, processes or any other innovation that improves the performance of the assisted enterprise. Innovations do not need to be entirely new, but must be new to the enterprise concerned. The acceptability of small grants schemes (or similar mechanisms) under EFF Axis 4 is presently unclear. Applications for small grants schemes will therefore not be accepted unless clearance is received from the European Commission.

Complementarity and demarcation: Projects involving adding value to fisheries products through the introduction of new processes should apply under Objective B Measure 1.

Target beneficiaries: Fishing enterprises, including self-employed fishermen, non-fishing enterprises, incorporated associations, chambers of trade, third sector organisations, training providers, harbour authorities and public sector organisations including local authorities.

Resources: The indicative budget for this measure is £77,685 (12.12% of EFF Axis 4 resources available to the C2C FLAG).

Outputs and Results: The measure is expected to produce the following outputs and results:

Output Indicator	Unit of Measurement	Target
Enterprises assisted	No.	4
Enterprises financially supported	No.	2
Organisations assisted	No.	NTS
Organisations financially supported	No.	NTS
Community led projects	No.	NTS
Private sector led projects	No.	NTS

Result Indicator	Unit of Measurement	Target
New/innovative methods of adding value to local produce	No.	2
New or improved products, processes or services	No.	2
Gross jobs created	FTE	1
Jobs safeguarded	No.	5
Enterprises adopting or improving environmental management systems	No.	1
Organisations adopting or improving environmental management systems	No.	NTS
Enterprises adopting or improving equality and diversity strategies	No.	NTS
Organisations adopting or improving equality and diversity strategies	No.	NTS
Private investment induced	£	5000

Indicative Actions: Projects to evaluate existing systems to identify scope for new approaches, and/or to introduce innovations; projects to increase the speed of processing; projects to reduce energy use; initiatives to support the use of ‘speciality’ local fish; etc.

Objective B: Adding value to fisheries products

Measure 1: Processes and processing

Rationale: This measure aims to increase the value to fishermen and fish-related businesses of Pembrokeshire’s fisheries produce through the introduction of improved processes and/or processing of a basic product.

Scope of actions: The introduction of methods to improve the efficiency with which fish products are brought to market, and/or the modification of basic fisheries products so as to prolong its shelf life, increase its convenience or open up new market possibilities. The acceptability of small grants schemes (or similar mechanisms) under EFF Axis 4 is presently unclear. Applications for small grants schemes will therefore not be accepted unless clearance is received from the European Commission.

Complementarity and demarcation: Projects must not be supportable under other

EFF Axes.

Target beneficiaries: Fishing and fish-related enterprises, including self-employed fishermen, incorporated associations, harbour authorities and public sector organisations including local authorities.

Resources: The indicative budget for this measure is £77,685 (12.12% of EFF Axis 4 resources available to the C2C FLAG).

Outputs and Results: The measure is expected to produce the following outputs and results:

Output Indicator	Unit of Measurement	Target
Enterprises assisted	No.	NTS
Enterprises financially supported	No.	5
Private sector led projects	No.	NTS

Result Indicator	Unit of Measurement	Target
New/innovative methods of adding value to local produce	No.	2
New or improved products, processes or services	No.	5
Gross jobs created	FTE	2
Jobs safeguarded	No.	5
Enterprises adopting or improving environmental management systems	No.	1
Organisations adopting or improving environmental management systems	No.	NTS
Private investment induced	£	10000

Indicative Actions: Projects to create saleable by-products from fish waste; preparing, cooking, curing and packaging of fisheries produce; improvements to enhance the quality of fisheries produce brought to market, including grading; initiatives to support adding value to locally landed fish and shellfish including processing and supply chain efficiency; etc.

Measure 2: Market differentiation
Rationale: This measure will support an initiative to brand Pembrokeshire fisheries produce in order to attract and retain customers by promoting customer recognition and loyalty. By so doing, it will create, build and protect the market for Pembrokeshire fisheries products.

Scope of actions: Support will be provided for a very limited number of projects to brand Pembrokeshire fisheries products. This may be linked to brands for other Pembrokeshire or Welsh produce or be independently run. Ideally it should be linked to an established scheme to certify responsible fishing (e.g. RFS[8], MSC[9] etc).

[8] Responsible Fishing Scheme. See http://rfs.seafish.org/
[9] Marine Stewardship Council. See http://www.msc.org/get-certified/fisheries

Complementarity and demarcation: The scheme will be complementary to the Pembrokeshire Produce Mark and other Welsh food branding initiatives. Projects that can be supported under other Axes will not receive EFF Axis 4 support.

Target beneficiaries: Fishing enterprises, including self-employed fishermen, non-fishing enterprises, incorporated associations, chambers of trade, third sector organisations, harbour authorities and public sector organisations including local authorities.

Resources: The indicative budget for this measure is £77,685 (12.12% of EFF Axis 4 resources available to the C2C FLAG).

Outputs and Results: The measure is expected to produce the following outputs and results:

Output Indicator	Unit of Measurement	Target
Enterprises assisted	No.	5
Private sector led projects	No.	1

Result Indicator	Unit of Measurement	Target
New/innovative methods of adding value to local produce	No.	1
Gross jobs created	FTE	2
Jobs safeguarded	No.	5
Enterprises adopting or improving environmental management systems	No.	1
Private investment induced	£	NTS

Indicative Actions: The establishment of a brand for Pembrokeshire fisheries produce.

Objective C: Regeneration and tourism in the fisheries area

Measure 1: Supporting tourism infrastructure and services

Rationale: Pembrokeshire, and particularly its coast, is an established tourism destination. The industry provides a vital source of income for coastal communities and there are important synergies (existing and potential) between fishing and tourism, including charter boat fishing, shared use harbours, use of local fisheries produce in the local hospitality trade, fishing and maritime heritage attractions etc. It is essential that the full extent of these potential synergies are realised and that Pembrokeshire’s coastal areas maintain their attractiveness to visitors. Equally there is a need to manage visitors so as to minimise conflict between tourism on the one hand and Pembrokeshire’s environmental protection and fishing interests on the other.

Scope of actions: Initiatives to increase the economic contribution of tourism to the economy of Pembrokeshire’s fishing area; visitor management initiatives where conflict exists or is expected; visitor facilities, particularly those that also benefit other users including fishermen. The acceptability of small grants schemes (or similar mechanisms) under EFF Axis 4 is presently unclear. Applications for small grants schemes will therefore not be accepted unless clearance is received from the European Commission.

Complementarity and demarcation: This Measure will not fund general public realm improvements, which fall under Objective C Measure 2. The Measure must not be used to support initiatives that may be funded by the Environment for Growth projects under the Convergence ERDF programme. Access improvements required by law (e.g. Disability Discrimination Act) will not be supported.

Target beneficiaries: Fishing enterprises, including self-employed fishermen, non-fishing enterprises, incorporated associations, chambers of trade, third sector organisations, training providers, trade unions, harbour authorities and public sector organisations including local authorities.

Resources: The indicative budget for this measure is £64,737 (10.1% of EFF Axis 4 resources available to the C2C FLAG).

Outputs and Results: The measure is expected to produce the following outputs and results:

Output Indicator	Unit of Measurement	Target
Enterprises assisted	No.	NTS
Enterprises financially supported	No.	NTS
Organisations assisted	No.	NTS
Organisations financially supported	No.	1
Number of small scale tourism infrastructure projects supported	No.	3
Community led projects	No.	NTS
Private sector led projects	No.	NTS

Result Indicator	Unit of Measurement	Target
Gross jobs created	FTE	NTS
Jobs safeguarded	No.	NTS
Premises created or refurbished	m^2	15
Enterprises accommodated	No.	1
Visits	No.	7500
Enterprises adopting or improving environmental management systems	No.	NTS
Organisations adopting or improving environmental management systems	No.	NTS
Enterprises adopting or improving equality and diversity strategies	No.	NTS
Organisations adopting or improving equality and diversity strategies	No.	NTS
Private investment induced	£	NTS

Indicative Actions: Improvements to facilities for fishing related tourism, improvements to visitor facilities including signage, public conveniences, access improvements (when not required under equalities or other legislation), visitor management initiatives to avoid conflict between users (particularly visitors and fishermen or visitors and the marine environment), fishing heritage initiatives etc.

<u>Measure 2: Regeneration of the fisheries area</u>
<u>Rationale</u>: The quality of the environment is an important factor in people's quality of life, and this is as true for the residents and visitors to fisheries areas as it is elsewhere. This Measure is available to address issues of degradation of both the natural and built environment of Pembrokeshire's fisheries areas in order to enhance the area's economic and environmental situation.

<u>Scope of actions</u>: Projects to improve areas suffering from notable degradation whether in the built or natural environment. Projects that may be expected to have spin-off benefits whether in terms of the economy (for example improvements to economic centres or visitor hotspots) or the environment (e.g. habitat restoration or the eradication of invasive species) will be especially welcome. The acceptability of small grants schemes (or similar mechanisms) under EFF Axis 4 is presently unclear. Applications for small grants schemes will therefore not be accepted unless clearance is received from the European Commission.

<u>Complementarity and demarcation</u>: This measure must not be used to substitute for funding available through the Pembroke and Pembroke Dock Physical Regeneration Project or the Coastal Tourism Centre of Excellence (both Convergence ERDF funded). Habitat improvements must not be capable of being funded through the Rural Development Plan (for instance via Tir Gofal). EFF Axis 4 projects will not duplicate activity funded through the Ireland – Wales Green Communities project.

<u>Target beneficiaries</u>: Fishing enterprises, including self-employed fishermen, non-fishing enterprises, incorporated associations, chambers of trade, third sector organisations, training providers, trade unions, harbour authorities and public sector organisations including local authorities.

<u>Resources</u>: The indicative budget for this measure is £64,738 (10.1% of EFF Axis 4 resources available to the C2C FLAG).

<u>Outputs and Results</u>: The measure is expected to produce the following outputs and results:

Output Indicator	Unit of Measurement	Target
Physical improvement schemes	No.	3
Community led projects	No.	NTS
Private sector led projects	No.	NTS

Result Indicator	Unit of Measurement	Target
Gross jobs created	FTE	NTS
Jobs safeguarded	No.	NTS
Premises created or refurbished	m^2	15
Enterprises accommodated	No.	1
Private investment induced	£	NTS

Indicative Actions: Improvements to the public realm in town centres or villages suffering noticeable decay, highly visible commercial property improvements, habitat improvements, eradication of invasive species at specific sites, projects to reduce marine litter, projects to promote and increase compliance with the Pembrokeshire Marine Code etc.

Objective D: Diversification from and within the fishing industry

Measure 1: Investment in diversification

Rationale: A weakness identified in the Pembrokeshire fishing industry is the reliance on a few key species, notably lobster and crab. In addition, it has been identified that there are opportunities for diversification. This measure will seek to overcome one of the barriers to diversification, namely finance. It is particularly appropriate given the expected continuance of the credit squeeze which began in 2008.

Scope of actions: This measure will provide financial assistance to fishermen and other fishing related businesses to diversify their income sources either through under-exploited species (including alternative coastal produce such as seaweeds) or through non-fishing activity. However it is not intended that this Measure will be used to encourage fishermen to cease fishing. Financial assistance is expected to be in the form of grants. Evidence must be available that the proposed diversification is appropriate and will not result in over-provision or displacement of existing businesses. The acceptability of small grants schemes (or similar mechanisms) under EFF Axis 4 is presently unclear. Applications for small grants schemes will therefore not be accepted unless clearance is received from the European Commission.

Complementarity and demarcation: This project will not support projects that would be eligible for the Local Investment Fund, JEREMIE, or other Welsh Government business finance packages. It will also not support activity that could be supported by EFF Axes 1, 2 or 3.

Target beneficiaries: Fishing and fisheries-related enterprises, including self-employed fishermen, incorporated fishermen's associations. Intermediaries may be from any sector.

Resources: The indicative budget for this measure is £25,892 (4.04% of EFF Axis 4 resources available to the C2C FLAG).

Outputs and Results: The measure is expected to produce the following outputs and results:

Output Indicator	Unit of Measurement	Target
Enterprises financially supported	No.	2
Individuals financially supported to set up a new enterprise	No.	2
Private sector led projects	No.	4

Result Indicator	Unit of Measurement	Target
Gross jobs created	FTE	2
Jobs safeguarded	No.	2
Enterprises created	No.	2
Enterprises adopting or improving environmental management systems	No.	2
Enterprises adopting or improving equality and diversity strategies	No.	2
Private investment induced	£	3000

Indicative Actions: Financial assistance scheme established.

Measure 2: Skills for diversification
Rationale: Although opportunities for diversification have been identified as an opportunity a barrier to diversification is the acquisition of the skills needed. This measure aims to overcome this barrier through skills training for people involved in fisheries related enterprises who are looking to diversify.

Scope of actions: Vocational skills training, including basic skills where these present a barrier to diversification. The acceptability of small grants schemes (or similar mechanisms) under EFF Axis 4 is presently unclear. Applications for small grants schemes will therefore not be accepted unless clearance is received from the European Commission.

Complementarity and demarcation: Activity that can be supported by the ESF will not be supported by EFF Axis 4.

Target beneficiaries: Individuals employed in fishing and fisheries-related enterprises, including self-employed fishermen, incorporated fishermen's associations. Training providers may be in any sector.

Resources: The indicative budget for this measure is £51,793 (8.08% of EFF Axis 4 resources available to the C2C FLAG).

Outputs and Results: The measure is expected to produce the following outputs and results:

Output Indicator	Unit of Measurement	Target
Training courses delivered	No.	8
Participants enrolled into training or up-skilling projects	No.	60

Result Indicator	Unit of Measurement	Target
Participants completing courses	No.	48
Participants entering employment	No.	2
Participants entering further learning	No.	12
Participants gaining a qualification	No.	30
Participants gaining other positive outcomes	No.	32

Indicative Actions: Identification of skills needs, training in any skills required to allow the participant to take up diversification opportunities. Note that training delivery may need to be competitively procured.

Summary of Resources Required

It is understood that the Welsh Government is to make available to each Welsh FLAG a sum of €750,000 from EFF/WG resources. Whilst it is also understood that this sum may increase if third party funding can be obtained, at present there is no agreement on this. The implication for this document is that the financial tables may be updated if additional funding becomes available.

Since the FLAG will offer financial assistance to projects in sterling, it is necessary to convert the euro amount into sterling. To do so, a planning rate of £1:€1.17 has been used. This is the same as the planning rate in use by WEFO in November 2011 (see All Wales PMC paper PMC(11)177). At this rate, the budget available to the FLAG is £641,000.

Pembrokeshire CC is seeking confirmation from the Welsh Government regarding responsibility for the exchange rate risk. The Council reserves the right to revise the planning rate in use and to take any further steps it considers necessary to protect its position regarding exchange rate risks.

Of the total funding available, 10% (€75,000 or £64,100) will be reserved to finance FLAG running costs in accordance with Article 44(5) of EC 1198/2006. A further €51,480 (£44,000) will be reserved for a project to undertake animation, communication and evaluation (ACE) work for the FLAG. A budget of €17,550 (£15,000) has been reserved for co-operation and networking with other Fishing Local Action Groups. These amounts will be directly managed by the Lead Body. This leaves available for projects delivering Objectives A to D an amount of €605,970 (£517,900).

Detailed indicative financial tables are shown in the Implementation Plan.

Outcomes to be Achieved

The full implementation of the Objectives and Measures of this Local Development Strategy is expected to result in the following achievements:

Outputs:

Indicator	A1	A2	B1	B2	C1	C2	D1	D2	Total
Community led projects (No.)									0
Enterprises assisted (No.)	3	4		5					12
Enterprises financially supported (No.)	3	2	5				2		12
Individuals financially supported to set up a new enterprise (No.)							2		2
Number of small scale tourism infrastructure projects supported (No.)					3				3
Organisations assisted (No.)	3								3
Organisations financially supported (No.)	3				1				4
Participants enrolled into training or up-skilling projects (No.)								60	60
Physical improvement schemes (No.)						3			3
Private sector led projects (No.)				1			4		5
Training courses delivered (No.)								8	8

Results

Indicator	A1	A2	B1	B2	C1	C2	D1	D2	Total
Enterprises accommodated (No.)	1				1	1			3
Enterprises adopting or improving environmental management systems (No.)	1	1	1	1			2		6
Enterprises adopting or improving equality and diversity strategies (No.)	2						2		4
Enterprises created (No.)							2		2
Gross jobs created (FTE)	2	1	2	2			2		9
Jobs safeguarded (No.)	5	5	5	5			2		22
New or improved products, processes or services (No.)		2	5						7
New/innovative methods of adding value to local produce (No.)		2	2	1					5
Organisations adopting or improving environmental management systems (No.)									0
Organisations adopting or improving equality and diversity strategies (No.)									0
Participants completing courses (No.)								48	48
Participants entering employment (No.)								2	2
Participants entering further learning (No.)								12	12
Participants gaining a qualification (No.)								30	30
Participants gaining other positive outcomes (No.)								32	32
Premises created or refurbished (m^2)	20				15	15			50
Private investment induced (£'000s)	2	5	10				3		20
Visits ('000s)					7.5				

Complementarity with the Wider Policy Framework

This Local Development Strategy needs to take into account a broader Welsh, UK and European policy framework in order to ensure complementarity with other public sector interventions. The key strategies and policies that need to be taken into account are outlined below.

European

EU Competencies

There are certain areas where the UK has empowered the European Union to make and adopt laws that apply to the UK. In the context of this LDS the most pertinent are the establishment of the competition rules to allow the proper functioning of the Internal Market and the conservation of marine biological resources under the Common Fisheries Policy.

Europe 2020

The core treaties of the EU provide for the co-ordination of economic and employment policies between Member States and the EU. The Europe 2020 strategy is the EU's growth strategy for the next decade and aims to deliver smart, sustainable and inclusive growth. It includes five headline targets. These are that 75% of 20 – 64 year olds should be employed; 3% of the EU GDP should be invested in R&D/innovation; on climate change greenhouse gas emissions will be 20% lower than 1990, 20% of energy will be from renewable sources and there will be a 20% increase in energy efficiency; in education, school drop-out rates will be below 10% and at last 40% of 30-34 year olds will have completed third level education; finally there will be at least 20 million fewer people in, or at risk of, poverty and social exclusion. The LDS will aim to make a contribution towards the achievement of these targets.

European Structural Funds programmes 2007-2013

The institutions of the European Union have a shared competence with Member States for economic, social and territorial cohesion. The primary tools for achieving this objective are the European Structural Funds, specifically the European Social Fund (ESF) and the European Regional Development Fund (ERDF). The ERDF and ESF are implemented through programmes. The Structural Fund programmes operating in the C2C FLAG are:

- West Wales & the Valleys Convergence ERDF 2007-2013
- West Wales & the Valleys Convergence ESF 2007-2013
- Ireland – Wales Interreg 4A 2007-2013
- Atlantic Area Interreg 4B 2007-2013
- North West Europe Interreg 4B 2007-2013
- Interreg IVC

These programmes all have a high level of commitment and therefore the projects they are funding is, to a large degree, settled. The most important of these programmes to Pembrokeshire are the Convergence ERDF and ESF programmes, and also but to a lesser extent the Ireland-Wales programme. There are only a very few projects operating in the county that are funded through the Interreg 4B and IVC programmes. Chiefly these relate to the emergency shoreline response to maritime pollution incidents (ARCOPOL and ARCOPOL+), and exchanges of best practice in renewable energy (RETS).

The Convergence ERDF programme funds projects in the following priorities:
- ❖ Building the knowledge based economy
- ❖ Improving business competitiveness
- ❖ Developing the strategic infrastructure for a modern economy
- ❖ Creating an attractive business environment
- ❖ Building sustainable communities

The Convergence ESF programme funds projects in these priority areas:
- ❖ Supplying young people with skills for learning and future employment
- ❖ Increasing employment and tackling economic inactivity
- ❖ Improving skill levels and the adaptability of the workforce
- ❖ Modernising and improving the quality of our public services – Making the Connections

Finally the Ireland-Wales programme funds projects across these priorities:
- ❖ Knowledge, Innovation and Skills for growth, incorporating:
  - Innovation and competitiveness
  - Skills for competitiveness and employment integration
- ❖ Climate Change and Sustainable Regeneration, incorporating:
  - Climate Change and Sustainable Development
  - Sustainable Regeneration of Communities

There are a number of Ireland-Wales projects that deal with fisheries and marine related issues. These include the Celtic Sea Trout Project, which aims to management plan for the conservation, sustainable management & exploitation of this species. The programme is also funding the Ecojel project, which aims to assess how to exploit the opportunities (including harvesting) and manage the detrimental impacts of jellyfish. Finally there are are community focused projects such as the Keep Wales Tidy / An Taisce Green Communities project which encourages community involvement in coastal environmental projects.

There will be a presumption that where funding may be available for a project from the Convergence programmes, the project proposer should approach the Pembrokeshire Specialist European Team (SET) to clarify whether funding is actually available before making a formal application to the C2C FLAG for EFF Axis 4 funds. In the case of the Ireland-Wales programme, the project proposer should contact the Interreg Development Officer to see whether funding is available from that source. Funding from EFF Axis 4 will not be made available if funding is available from the Structural Funds programmes.

The Pembrokeshire SET may be contacted via set.enquiries@pembrokeshire.gov.uk.

The Interreg Development Officers' up-to-date contact details are available via www.irelandwales.ie/about/organisation_structure/development_office_team/

Rural Development Plan for Wales 2007-2013

The institutions of the European Union have a shared competence with Member

States for agriculture and rural development. The key European implementation mechanism is the Common Agricultural Policy (CAP). CAP has two Pillars: Pillar 1 is concerned with direct support to farmers whereas Pillar 2 is concerned with wider rural development. There is no overlap between CAP Pillar 1 and the types of activities that EFF Axis 4 might wish to support. Pillar 2 of CAP is implemented in Wales through the Rural Development Plan for Wales 2007-2013 (henceforth RDPW). The RDPW comprises four Axes as listed below.

- Axis 1: Making rural Wales more competitive
- Axis 2: Protecting our countryside
- Axis 3: Improving people's lives and encouraging diversification
- Axis 4: Supporting local projects and initiatives (LEADER)

Of these, Axes 1 and 2 are directed towards farm enterprises and are managed by the Welsh Government; these are unlikely to have any issues regarding duplication with activity that EFF Axis 4 might wish to support. Axis 3 is delivered through projects agreed by a local partnership, Pembrokeshire Advance, but approved by the Welsh Government. Pembrokeshire County Council is the Lead Body for Pembrokeshire Advance and acts as the lead sponsor for all projects. This role is co-ordinated by the RDPW team within Pembrokeshire County Council's European Unit (also known as the Pembrokeshire Advance Secretariat). As a result the staff involved in the Cleddau 2 Coast Secretariat will also have a very clear understanding of RDPW Axis 3 projects in Pembrokeshire and will be able to identify when duplication may occur when assessing EFF Axis 4 applications. There are no RDP Axis 3 projects that will be delivered in Pembrokeshire in 2012-2013 that focus on tourism, village enhancements or skills acquisition.

The Pembrokeshire Advance Secretariat may be contacted via rdp.enquiries@pembrokeshire.gov.uk.

RDPW Axis 4 is delivered through Pembrokeshire's LEADER Local Action Group, PLANED. PLANED's Chief Executive is a member of the FLAG in order to ensure that the partnership has available to it knowledge of RDPW Axis 4 activity in Pembrokeshire.

United Kingdom

Reserved Responsibilities

Certain governmental responsibilities have not been devolved to Wales. Those areas of responsibility remaining with the UK Government that are most pertinent to this LDS are welfare, benefits and social security as well as fiscal and macro-economic policy.

Work Programme

In 2011 the UK Government launched its flagship programme for people who are seeking work, the Work Programme. Its introduction led to a need for adjustment in other EU programmes able to assist the unemployed so as to ensure that the ESF (in particular) was not being used to fund provision that was available through domestic sources. In order to ensure complementarity and added value in the use of EFF Axis 4, it is not intended that the FLAG will fund any project that aims to provide skills training or other activity aiming to return people to work.

Welsh

Devolved Responsibilities

Responsibilities devolved to Wales are set out in Schedule 7 of the Government of Wales Act 2006. These are:

- Agriculture, Forestry, Animals, Plants and Rural Development
- Ancient Monuments and Historic Buildings
- Culture
- Economic Development
- Education and Training
- Environment
- Fire and Rescue Services and Fire Safety
- Food
- Health and Health Services
- Highways and Transport
- Housing
- Local Government
- National Assembly for Wales
- Public Administration
- Social Welfare
- Sport and Recreation
- Tourism
- Town and Country Planning
- Water and Flood Defence
- Welsh Language

Programme for Government 2011-2016

This document sets outs the Welsh Government's commitments for the present Assembly term, which covers the entirety of the period over which this Local Development Strategy will be implemented. As a part of the application process, project promoters will be asked to identify how their proposal is consistent with the actions identified in the Programme for Government, and how implementation of the project will avoid duplicating any delivery mechanisms put in place to deliver on the Government's commitments.

Wales Fisheries Strategy

This is the Welsh Government's long term strategy for the management and development of fisheries in Wales across all sectors of aquaculture, commercial fisheries, and recreational fisheries for 2020. The aim of the strategy is to support the development of viable and sustainable fisheries in Wales while safeguarding the environment. To the extent that projects seeking EFF Axis 4 funds are directed at the fishing industry, they will be required to demonstrate their consistency with the strategy and provide evidence that they do not duplicate any existing delivery mechanisms.

Coastal Tourism Strategy

The Coastal Tourism Strategy dates from 2008 and is the Welsh Government's strategy for the development of sustainable tourism around the Welsh coast. The strategy goes beyond tourism, touching upon regeneration and issues of deprivation in coastal areas. As such, all projects under Objective C will need to show how they contribute towards the objectives of the strategy. These are structured around five themes: coastal towns and resorts, the rural coast, coastal activities, coastal culture and coastal management. In addition any diversification projects under Objective D that relate to the visitor economy will also need to reference this document.

Pembrokeshire

Community Plan

The Community Plan is the document that will frame all public, private and voluntary sector activity in Pembrokeshire over the period 2010-2025. It is based around eight themes, namely Well-Being, Environment, Economy, Community, Housing, Learning, Access and Safety. This LDS will be able to contribute to several of these themes and applications will be expected to highlight the specific contributions they will make.

Tourism Strategy (in development)

A tourism strategy is in development and will be published shortly[10]. Proposals seeking EFF Axis 4 funds for tourism related activity must show how they will work within the framework set out in that document.

Regeneration Strategy (in development)

A regeneration strategy for Pembrokeshire is also in development, though its publication is not imminent. Once it is published, any proposals seeking EFF Axis 4 funding for physical or community regeneration projects will be expected to be consistent with that document.

[10] As at time of writing: December 2011

Complementarity with other EFF Axes

This Local Development Strategy is only directly concerned with Axis 4 of the European Fisheries Fund. However the UK EFF Operational programme is an integrated strategy for the development of the country's fishing areas and this underlines the point that Axis 4 is intended to work in concert with the other Axes of the EFF. The Cleddau 2 Coast will therefore maintain an interest in the delivery of Axis 1, 2 and 3 in Pembrokeshire and will be especially concerned to find ways that allow Axis 4 to add value to these other Axes.

The scope of the other Axes, together with known approved projects benefiting Pembrokeshire, are:

<u>Axis 1: Measures for the adjustment of the fishing fleet</u>
Scope:

- Public aid for permanent cessation of fishing activities (Article 23)
- Public aid for temporary cessation of fishing activities (Article 24)
- Investments on board fishing vessels and selectivity (Article 25)
- Small-scale coastal fishing (Article 26)
- Socio-economic compensation for the management of the Community fishing fleet (Article 27)

The FLAG is unaware of any approved Axis 1 projects benefiting Pembrokeshire.

<u>Axis 2: Aquaculture, processing and marketing</u>
Scope:

- Measures for productive investments in aquaculture (Article 29)
- Aqua-environmental measures (Article 30)
- Animal health measures (Article 32)
- Processing and marketing (Articles 34 and 35)

There are two known approved Axis 2 project directly benefiting Pembrokeshire, both under Articles 34/35. These are Project A (Celtic Crab Products Ltd) and Welsh Fish (Sean Ryan).

<u>Axis 3: Measures of common interest</u>
Scope:

- Collective actions (Article 37)
- Measures intended to protect and develop aquatic fauna and flora
- (Article 38)
- Fishing ports, landing sites and shelters (Article 39)
- Development of new markets and promotional campaigns (Article 40)
- Pilot Projects (Article 41)

There are two known approved Axis 3 projects directly benefiting Pembrokeshire. These are the Freshwater East Tractor Project (West Wales Shell Fishermen's Association) under Article 39; and Project B (Celtic Crab Products Ltd) under Measure 41.

A further eleven projects indirectly benefit Pembrokeshire (i.e. benefit Pembrokeshire as a part of a wider area). These are South Wales and West Wales Fishermen's Association (SWWFC Ltd), Cywain (Menter a Busnes), Safety Gear Project 1 (WWSFA), Sea Bed Hazard Information Project 3 and Fishermen's Training (both Sea Fish Industry Authority), Sustainable Scallop Fisheries in Welsh Waters (Bangor University) and Mob Guardian (RNLI) under Article 37; Environmental Improvements to Sustain Welsh Fisheries (Afonydd Cymru) and Salmon for Tomorrow (EAW) under Article 38; Burry Harbour Improvements and SWWFC hub (both SWWFC) under Article 39.

Complementarity

Notwithstanding the provisions of Regulation EC 1198/2006 Article 44(3), which permits EFF Axis 4 resources to be spent on activity eligible under the other Axes (with the exception of decommissioning eligible under Article 23 or 24), the practice of the C2C FLAG will be not to use Axis 4 resources in this way where resources are available under the other Axes. This will help to provide a clear demarcation between eligible activity under Axis 4 and the other Axes.

The table below identifies potential duplication between the Objectives and Measures of this Local Development Strategy and other EFF Axes, based on information contained in the UK EFF Operational Programme. Where projects in development appear to be capable of support under another Axis this will be investigated before an offer of funding under EFF Axis 4 is made. Only if the project is not capable of support will such an offer be forthcoming. In circumstances where a project is eligible under another Axis but cannot be funded due to a lack of resources in that Axis, the intensity of aid available under Axis 4 will not exceed that under the other Axis.

Areas where Axis 4 applicants may be referred to other Axes are:

Applications to:	Referred to:	Circumstances:
Objective A Measure 1	Axis 2 (Article 34/35)	Projects aiming to improve the efficiency of the supply chain
Objective A Measure 2	Axis 1 (Article 26); Axis 2 (Article 34/35)	Projects involving new products, new technologies or developing innovative production methods
Objective B Measure 1	Axis 1 (Article 26); Axis 2 (Article 34/35) Axis 3 (Article 37)	Projects involving the processing of catch from small scale coastal fishing, collective processing operations or the modernisation of operations
Objective B Measure 2	Axis 1 (Article 26); Axis 2 (Article 34/35) Axis 3 (Articles 37 and 40)	Projects involving the marketing of catch from small scale coastal fishing, or the development of niche or new markets and the promotion of higher quality and sustainably sourced fish, or collective marketing
Objective C Measure 1	None anticipated	
Objective C Measure 2	Axis 3 (Article 39)	Projects involving works at harbours, landing sites or shelters to benefit the fishing industry
Objective D Measure 1	Axis 2 (Article 29)	Investment in aquaculture
Objective D Measure 2	Axis 2	Projects involving lifelong learning

The Approach to the Stimulation of Innovation

The Cleddau 2 Coast FLAG will adopt a four-fold approach to the stimulation of innovation.

Firstly, Objective A Measure 2 “Promoting innovation in the fisheries area” will provide investment for projects that can strengthen the competitiveness of the fisheries area. These are expected to be investments, whether large or small scale, in fisheries businesses. The innovations are not expected to be entirely new, though they may be, but they must be new to the enterprise or enterprises concerned.

Secondly, projects submitted under Objective A Measure 2 will be assessed (in part) by answering the question “To what extent is the project innovative?”. This will help to differentiate between projects such that, other things being equal, the most innovative project will be supported.

Thirdly, the ACE project will have an important role in stimulating innovation. The Communication part of the project will be used to disseminate to potential applicants best practice and innovative ideas including that identified by Farnet. This, it is hoped, will lead to these ideas and practices being adopted in Pembrokeshire. Meanwhile the Evaluation part of the project will be used to identify innovative practice within our own delivery of Axis 4. This will be shared with other Welsh FLAGs, with the Welsh Government and through Farnet with the European Commission and FLAGs across the European Union.

Finally, we shall wish to engage in some co-operation activity and we hope that through this we shall be able to both identify and share innovations.

Sustainable Development and Environmental Sustainability

Sustainable development, which encompasses three pillars of social, economic and environmental sustainability, features strongly in the EFF Regulations. The objectives of the EFF set out in Article 4 of Regulation EC 1198/2006. These include:

> *(a) support the common fisheries policy so as to ensure exploitation of living aquatic resources and support aquaculture in order to provide sustainability in economic, environmental and social terms;*
>
> *(b) promote a sustainable balance between resources and the fishing capacity of the Community fishing fleet;*
>
> *(e) foster the protection and the enhancement of the environment and natural resources where related to the fisheries sector;* and
>
> *(f) encourage sustainable development and the improvement of the quality of life in areas with activities in the fisheries sector.*

In addition, the guiding principles for EFF operational programmes include the following considerations:

> *(b) enhancement of a harmonious, balanced and sustainable development of economic activities, jobs and human resources, as well as protection and the improvement of the environment;* and
>
> *(j) promotion of an integrated sustainable development of the fisheries areas by fostering their inherent potential and improving quality of life.*

It is therefore incumbent on the C2C FLAG to ensure that proper consideration is given to the contribution of its operations to sustainable development.

There is a debate about how best to incorporate sustainable development in Structural Fund programmes, which also applies here. A useful paper on the issue is:
Ferry, M., Mendez, C. and Bachtler, J. (2008) "From Environmental Sustainability to Sustainable Development? Making Concepts Tangible in Structural Funds Programmes" Glasgow: EPRC available via
http://www.eprc.strath.ac.uk/eprc/publications_Y_links.cfm.

There are a number of approaches to meeting this requirement in EU funding programmes. One is to consider sustainable development as a cross-cutting theme, but although the UK EFF National Strategic Plan makes strong references to sustainable development, it is "protection of the environment" that is a cross-cutting theme and not sustainable development.

A common alternative is to use environmental sustainability and equal opportunities as cross-cutting themes, each dealing with one pillar of sustainable development, whilst the economic dimension is primarily covered by the Objectives and Measures of the programme. In this approach, environmental sustainability (rather than sustainable development) must be the cross-cutting theme to ensure that environmental aspects are not overwhelmed by social and economic aspects (since sustainable development includes economic and social sustainability). This approach also helps ensure that economic and social (equal opportunities) issues are not scored twice when assessing projects, as they might be with the inclusion of a 'sustainable development contribution' project scoring criterion. This is the approach used in all Welsh Structural Fund programmes active between 2007 and 2013.

On balance therefore it is felt best that sustainable development is implemented through this LDS by the focus of the Objectives addressing the economic pillar, the equal opportunities cross-cutting theme addressing the social pillar and an environmental sustainability cross-cutting theme addressing the environmental pillar.

The specific actions that the FLAG will take in favour of environmental sustainability are set out below:

FLAG Composition
The FLAG includes advisors drawn from the Countryside Council for Wales and the Pembrokeshire Coastal Forum able to comment authoritatively on aspects of environmental sustainability. A further advisor from the Environment Agency Wales is being sought.

Design of LDS Objectives and Measures
The Objectives and Measures set out in the LDS include action to reduce the environmental impact of fishing and also to encourage action in favour of the environment. For example, action under Objective A (Increasing competitiveness in the fishing area) is specifically intended to help generate increased incomes from the same or lower levels of fishing. Action under Objective B (Adding value to fisheries produce) may be expected to have the same effect. Both therefore give an incentive to reduce fishing effort. Objective C Measure 1 will, amongst other things finance initiatives aiming to reduce the impact of the visitor economy and Objective C Measure 2 will finance environmental improvements and the reduction of marine pollution.

Project Selection
All projects will be asked to explain their approach to environmental sustainability. One of the selection criteria which will be used to assess all projects will be "To what extent does the project show a commitment to the principles of environmental sustainability, including if appropriate the promotion of sustainable fishing?" This will help ensure that, other things being equal, the projects that best address this criterion will be supported.

Monitoring
Specific environmental sustainability indicators (Enterprises/organisations adopting or improving environmental management systems) have been included in the suite of monitoring indicators.

Evaluation

An evaluation of the Local Development Strategy will be commissioned. Although the evaluation specification is yet to be written, one of the evaluation questions will focus on the extent to which the LDS has contributed towards environmental sustainability.

Equal Opportunities

One of the objectives of the European Fisheries Fund is to *"promote equality between men and women in the development of the fisheries sector and fisheries areas"* (Regulation EC 1198/2006 Article 4). Article 11 expands on this in stating *"The Member States and the Commission shall ensure that equality between men and women and the integration of the gender perspective are promoted during the various stages of implementation of the EFF, including the design, implementation, monitoring and evaluation."* and *"The Member States shall ensure that operations to enhance the role of women in the fisheries sector are promoted."*

Under the Equalities Act 2010 discrimination based on gender, ethnicity, ability, age, sexuality, marital status, religion or belief is illegal. Furthermore all local authorities, including Pembrokeshire County Council the Lead Body of the C2C FLAG, have a statutory duty to promote equalities. Also relevant here is Welsh Language legislation. In conducting FLAG business Pembrokeshire County Council will follow its approved Welsh Language Scheme.

The C2C FLAG will adopt the following specific measures to comply with these legislative requirements:

<u>FLAG membership</u>
The FLAG will seek an approximate gender balance amongst FLAG members so that each gender is represented by at least 40% of the membership (Constitution paragraph B6). In addition, the FLAG will consider a report on the partnership's gender balance each year to ensure that this balance is maintained (Constitution paragraph B7). At present (December 2011) there are 17 members of the C2C FLAG (there is one vacancy) of whom ten (59%) are male and seven (41%) are female.

<u>Project Selection</u>
All projects will be asked to explain how they will promote equal opportunities. One of the selection criteria which will be used to assess all projects will be "To what extent does the project show a commitment to the principles of equal opportunities?" This will help ensure that, other things being equal, the projects that best address this criterion will be supported.

<u>Monitoring</u>
Where appropriate, monitoring information provided by project sponsors must be broken down by gender. These breakdowns will be presented to the FLAG when it monitors the progress of the implementation of the Local Development Strategy. This will allow the FLAG to assess the impact of operations on men and women. Specific equal opportunities indicators (Enterprises/organisations adopting or improving equality and diversity strategies) have been included in the suite of monitoring indicators.

Evaluation

An evaluation of the Local Development Strategy will be commissioned. Although the evaluation specification is yet to be written, one of the evaluation questions will focus on the extent to which the LDS has promoted equalities.

Co-operation

We agree that co-operation and networking is a vital function for an effective FLAG strategy. Co-operation is essential not merely in order to learn and share best practice, but also in order to address shared problems and opportunities. As such, we anticipate that we shall wish to communicate with FLAGs elsewhere in Wales, the UK and the EU with a view to, ultimately, carrying out co-operative projects.

In the timescale of the current programme, we anticipate that co-operative effort will largely be concerned with making links and networking with FLAGs from other fishing areas with which we share common interests. We see that these may be:

- Other Welsh FLAGs
- FLAGs representing areas that share our fishing grounds (e.g. North Devon);
- FLAGs whose vessels use our ports
- Other FLAGs with shared issues and/or opportunities (e.g. Bulgaria and Romania), or which are notable examples of best practice (e.g. Denmark)

The first three of these will by definition be areas around the Atlantic basin and we see that this may be a common factor driving co-operation between Welsh, western English, Irish, Belgian, French, northern Spanish and Portuguese FLAGs.

We propose actively using the FARNET LinkedIn forum as a means of networking and would be interested in attending forums at which we may build links with other FLAGs from the UK and European Union. At this stage we see co-operative projects as something that we may wish to pursue more actively in the next programming period.

A budget of £15,000 has been included in the financial tables for co-operation activity.