Devon County Council
Food and Drink Infrastructure Study

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Final Report
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EXECUTIVE SUMMARY

Introduction

Roger Tym and Partners were commissioned by Devon County Council to conduct a study aimed at identifying the supply side issues facing the Food and Drink sector in Devon, particularly infrastructure provision, and to make recommendations on potential actions that could be implemented to assist the development of the sector, in particular the role that Devon County Council should play. This work involved testing the concept of a ‘food park’ and assessing the potential demand for the facilities that it could provide.

The methodology for conducting this study comprised a literature review of sector specific research and strategies, a mapping exercise of existing and proposed support initiatives and extensive consultation with sector representatives and businesses.

Background

Analysis of the Annual Business Inquiry using Food and Drink sector SIC codes shows that the sector comprised 436 businesses in 2005. This represented 1.3% of the total business stock of Devon and 20% of the region’s Food and Drink sector.

If agriculture and fishing is excluded from the overall analysis, the main sub-sectors are ‘manufacturers of other food products’, ‘manufacturers of beverages’, ‘manufacturers of dairy products’ and the ‘production, processing and preserving of meat and meat products’.

In 2005 there were a total of 5,361 people employed in the Food and Drink sector in Devon. This represented approximately 1.8% of all Devon employees and 9% of the South West workforce for the sector.

In 2002 the Devon Food and Drink sector recorded £505 million of Gross Value Added. This represented 6% of the total Devon GVA and 20% of the region’s Food and Drink sector GVA.

Key Findings and Recommendations

Issues and Actions

The table on the next page shows the key issues and barriers to competitiveness identified by the research. It also identifies a set of recommended actions for Devon County Council and partners.

<table>
<tr><th>Issue</th><th>Action</th></tr>
<tr><td><u>IT</u> - Recent research has identified that the food and drink sector is reported to be the slowest to take-up and realise the full benefits of IT. IT has a strong role to play in sector development, particularly in relation to marketing and procurement.</td><td>Devon County Council in partnership with IMPROVE, South West Food and Drink and training providers should take action to address poor take up and use of ICT in the sector.

In the short term actions should be taken to:
- Educate businesses about the benefits that can be accrued from IT
- Provide IT training
- Assist businesses to access and/or develop IT software to suit their needs.</td></tr>
<tr><td><u>Skills</u> - some businesses complained about the quality of training on offer, in terms of the skills and expertise of the teachers and the relevance of the courses provided.</td><td>The Small Business Access to Excellence Scheme, which will form part of the national Improve Skills Academy, will continue the work of the SW Food and Drink Skills Network through conducting Training Needs Analyses for businesses and signposting to relevant courses accordingly. In addition, it will be more proactive in surveying businesses to assess skills needs and gaps and will liaise with FE and HE colleges to establish relevant core and bespoke courses to cater for these needs and gaps.</td></tr>
<tr><td><u>Business advice</u> - more accessible business advice/handholding is required. At the moment Business Link only provides generic information and does not provide specialist support to the food sector.</td><td>Business Link intends to employ more sector experts to provide advice and support.

It is important that more work is done to convince businesses that they would benefit from advice and are subsequently signposted to the right service.</td></tr>
<tr><td><u>Technical expertise</u> - the closure of Seale Hayne has left a gap in the provision of industry expertise and product development facilities.</td><td>The gap left by Seale Hayne has been filled by the creation of a new food technology centre at Duchy College. It is important to ensure that Devon food and drink businesses are signposted to this facility and make use of the associated Food Technology Innovation outreach service.

Knowledge transfer could also be facilitated through the internet, seminars and newsletters.</td></tr>
<tr><td><u>Developing the Devon Brand</u></td><td>Devon County Council is progressing the development of a Devon brand with a brand development consultant. A food producer will pilot the brand in a national supermarket.</td></tr>
<tr><td><u>Distribution</u> - many people mentioned the need to establish a central distribution hub to reduce the volume of food leaving the county, only for it to return again. Similarly, it was suggested that a number of distribution hubs should be created around the county to service local markets, including the tourism sector</td><td rowspan="2">It is recommended that Devon County Council support businesses in the rural areas of the county through:
- Assisting the creation and development of distribution networks
Developing a database of existing distributors, and routes taken, that businesses can access and link in with.
- Provide advice and signposting to people looking to start adding value to produce (particularly in the North and West of the county).

It is recommended that Devon County Council and/or South West Food and Drink meet with key supermarket chains to discuss the need for and possible location of a distribution hub, operated by a third party.</td></tr>
<tr><td><u>Adding value</u> - industry experts suggest that North Devon is lagging behind the South Hams in terms of adding value to raw produce and promoting local produce</td></tr>
<tr><td><u>Procurement</u> - it was argued that although there have been improvements it is still very difficult for local producers to sell to the public sector.</td><td>Devon County Council should encourage greater take-up of local food by other key public sector organisations through the Devon Procurement Partnership.

Devon Procurement Services should continue to encourage ‘opted in’ schools to develop menus that require locally sourced produce and assist ‘opted out’ schools to identify, and buy from, local producers.</td></tr>
</table>

1.1

Food Park

Four options for a food park model were considered. These were:

1. A retail park
2. A wholesale centre for businesses
3. An incubation centre
4. An industrial estate dedicated specifically to food and drink businesses.

Overall there was little support for public sector investment in options 1, 2 and 3. The model that received the most support was the incubation centre.

It is recommended that further feasibility testing is undertaken on this, and other concepts, to assess the value for money for public investment. If value for money is clearly demonstrated, the public sector could help fund or pump prime the incubation units.

If the recommended model is demonstrated to offer good value for money it is suggested that the public sector develop a food park in a phased manner with initial focus placed upon developing incubation and some larger units in a central location. If this proves successful, Devon could develop a ‘hub’ and ‘spoke’ model similar to that being developed in the West Midlands.

Devon County Council should provide a co-ordination role in developing the food park model further in partnership with the district councils. The next stage of the process will be to commission a full feasibility study to provide detail on design and costs. It is particularly important that the feasibility study assesses the potential running costs and that the food park model that is to be adopted can be operated on an on-going basis without public sector revenue support.

It is also important that SWRDA are involved from an early stage in order to ensure that any developments in Devon dovetail with a hub and spoke model that could potentially be established on a region-wide basis.

1 INTRODUCTION

The Study

1.1 The purpose of this study is to identify the supply side issues facing the Food and Drink sector in Devon, particularly infrastructure provision, and to make recommendations on potential actions that could be implemented to assist the development of the sector. In particular, the brief seeks to identify Devon County Council's role in intervention to support the sector. As part of this study, Roger Tym and Partners were also asked to test the concept of a food park and assess potential demand for the facilities that it could provide.

Methodology

1.2 This study has involved three stages of work. These were:

- Desk Research - In order to provide the context for the study extensive desk research has been conducted including:
    - Analysis of the economic position of the sector using SIC codes
    - A review of key issues highlighted in relevant strategies as well as sector-specific and associated reports
    - A mapping exercise of existing support initiatives and organisations
    - The identification and development of UK 'food park' case studies.
- Consultation - a wide ranging consultation exercise was undertaken with the following groups:
    - Telephone and face-to-face interviews with key agencies and stakeholders were carried out to inform the mapping of existing infrastructure exercise, identify key issues and barriers to competitiveness, help highlight gaps in support infrastructure and test the concept of a 'food park'
    - Telephone interviews with 30 food and drink sector businesses were conducted to assess key barriers to growth, support requirements and to test the concept of a 'food park' and assess potential demand for facilities on site. The businesses were selected to ensure broad coverage of a range of business sizes in terms of employee numbers, sub-sectors and geographical coverage
    - A webpoll survey was set up on the Devon County Council website for allow other businesses to feedback their comments. A total of 90 businesses, most of which were visitor accommodation providers, completed the survey form
    - Workshops with key stakeholders to report findings and test recommendations and options.
- Reporting - Following in depth desk research and consultation further analysis was undertaken to assess the gaps in infrastructure, how these gaps could be filled and by whom.

Structure of the Report

1.3 This report is in seven sections as follows:

- Sections Two and Three provide an economic assessment of the sector, a review of sector specific research already undertaken, a breakdown of the range of support organisations and projects already in place as well as a summary of key organisation policies relating to food and drink.

- Section Four provides an overview of the key issues emerging from the consultation exercises, particularly in relation to barriers to growth and business support requirements.
- Section Five highlights key issues and potential actions for addressing them.
- Section Six focuses specifically upon the food park concept. An assessment is made on the preferred options for developing a food park, including its purpose, the facilities that could provided and potential locations.
- Section Seven draws together all recommendations and outlines key roles for Devon County Council in developing the actions.

2 STATE OF THE SECTOR

Introduction

2.1 This section provides:

- An economic overview of the Devon Food and Drink sector, including an assessment of key sub-sectors and their future prospects
- A review of research already undertaken to inform the identification of emerging issues and barriers to growth
- A summary of the strategic response to supporting the sector, including a review of policy and a list of existing initiatives and projects.

Economic Overview of the Food and Drink Sector

2.2 Devon's Food and Drink industry is not clearly defined. Food and Drink production, manufacturing and processing ranges from farm based and fishing boat based activities at one end of the production and supply spectrum through to retail, catering and restaurant activities at the other. There are several different ways of defining the Food and Drink sector. Some definitions include land based activities with food and drink manufacturing and processing, but exclude food and drink retail. Others take an integrated industry view and specifically address either or both of the primary production and retail ends of the spectrum as well as manufacturing and processing in the middle.

2.3 For the purpose of this exercise the sector definition of the South West Regional Development Agency, has been adopted to analyse the sector and its sub-sectors at a Devon level. The SIC codes making up the definition are included in Appendix 1.

Business Numbers

2.4 Analysis of the Annual Business Inquiry using Food and Drink sector SIC codes shows that the sector comprised 436 businesses[1] in 2005. This represented 1.3% of the total business stock of Devon and 20% of the region's Food and Drink sector.

2.5 Of the 436 businesses in the sector in Devon, the majority (84%) employ between 1 and 10 people (see tables 2.1 to 2.4). There are only five businesses in the county that employ more than 200 people, three of which are dairy processors.

2.6 The main sub sector within the Food and Drink sector is agriculture and fishing which comprises 228 businesses. If this figure is removed from the sector to leave food and drink processing and manufacturing businesses it can be concluded that the main sub-sectors are 'manufacturers of other food products[2]' (44% of businesses), 'manufacturers of beverages' (17%), 'manufacturers of dairy products' (12%) and the 'production, processing and preserving of meat and meat products' (10%). At the sub-sector level there have been significant changes between 2000 and 2005. These changes include:

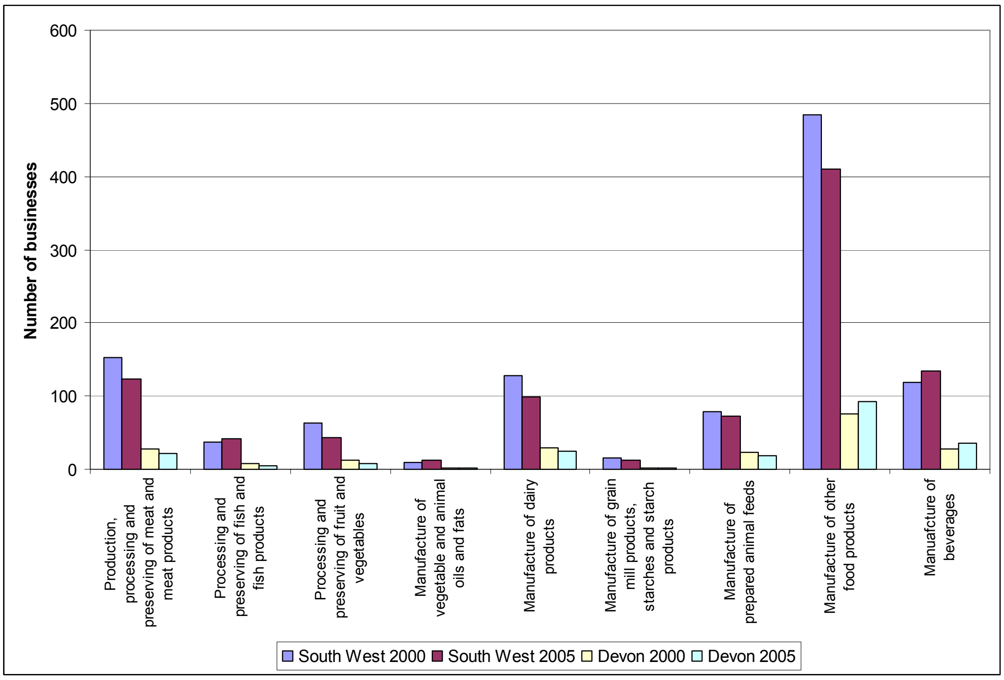
- A reduction in business numbers in the 1-10 employee bracket in meat and dairy processing as well as the processing and preserving of fruit and vegetables and manufacture of prepared animal feeds
- A growth in business numbers in the manufacture of other food products and beverages.

[1] It should be noted that the Annual Business Inquiry does not pick up sole traders and non VAT registered businesses
[2] This sub-sector includes bakery products

2.7 Taken as a whole, the Devon Food and Drink Sector experienced a growth in business numbers of +83 between 2000 and 2005. If agriculture and fishing is removed from the sector the growth across the rest of the sector only equates to +2 businesses over the same period. The steady growth in terms of business numbers in Devon is in contrast with a decline in business numbers of -254 across the South West between 2000 and 2005.

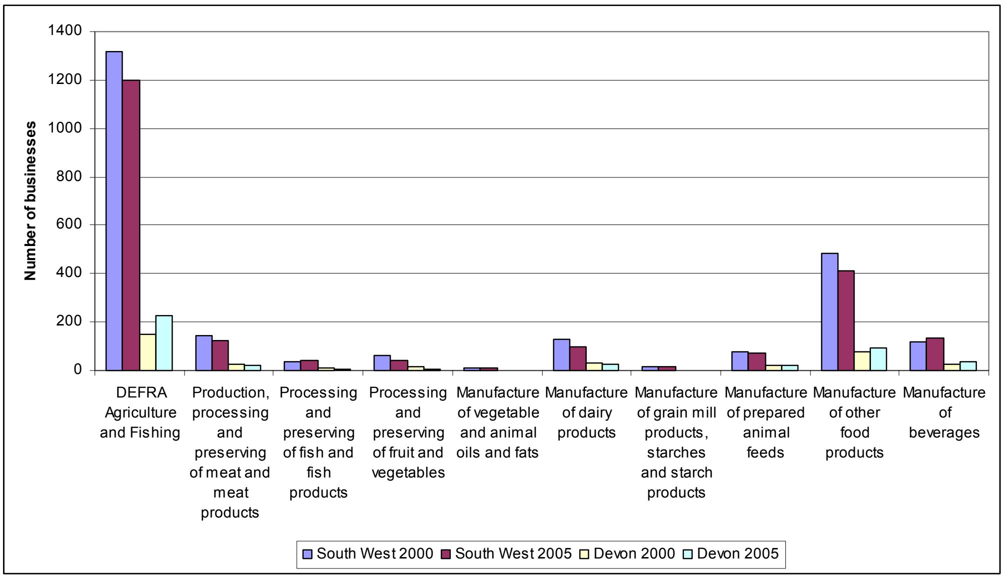
2.8 Chart 2.1 illustrates the fluctuations in business numbers by sub-sector across Devon and the South West between 2000 and 2005. Chart 2.2 shows the same patterns but with Farming and Fishing removed.

Chart 2.1: Devon Food and Drink Businesses – Total by Sub-sector



Source: Annual Business Inquiry Workplace Analysis (2005)

Chart 2.2: Devon Food and Drink Businesses – Total by Sub-sector (incl. Farming and Fishing)



Source: Annual Business Inquiry Workplace Analysis (2005)

Table 2.1 Devon Food and Drink Businesses – 1-10 Employees Source: ABI Workplace Analysis 2005

Sub sector	South West		Devon	
	2000	**2005**	**2000**	**2005**
DEFRA Agriculture and Fishing	1233	1117	132	212
Production, processing and preserving of meat and meat products	89	70	22	15
Processing and preserving of fish and fish products	24	27	6	2
Processing and preserving of fruit and vegetables	53	32	11	5
Manufacture of vegetable and animal oils and fats	9	2	0	2
Manufacture of dairy products	64	54	19	12
Manufacture of grain mill products, starches and starch products	6	5	2	2
Manufacture of prepared animal feeds	50	45	14	8
Manufacture of other food products	340	289	63	72
Manufacture of beverages	94	110	27	35
Total	**1962**	**1751**	**296**	**365**

Table 2.2 Devon Food and Drink Businesses – 11-49 Employees

Sub sector	South West		Devon	
	2000	2005	2000	2005
DEFRA Agriculture and Fishing	78	76	13	13
Production, processing and preserving of meat and meat products	31	23	2	2
Processing and preserving of fish and fish products	8	10	2	3
Processing and preserving of fruit and vegetables	7	7	1	1
Manufacture of vegetable and animal oils and fats	1	0	1	0
Manufacture of dairy products	32	19	4	5
Manufacture of grain mill products, starches and starch products	5	6	0	0
Manufacture of prepared animal feeds	20	20	8	9
Manufacture of other food products	96	78	7	16
Manufacture of beverages	17	17	0	1
Total	**295**	**256**	**38**	**50**

Table 2.3 Devon Food and Drink Businesses – 50-199 Employees

Sub sector	South West		Devon	
	2000	2005	2000	2005
DEFRA Agriculture and Fishing	7	8	2	3
Production, processing and preserving of meat and meat products	7	19	0	3
Processing and preserving of fish and fish products	5	5	0	0
Processing and preserving of fruit and vegetables	2	2	1	1
Manufacture of vegetable and animal oils and fats	0	0	0	0
Manufacture of dairy products	19	25	4	4
Manufacture of grain mill products, starches and starch products	4	2	0	0
Manufacture of prepared animal feeds	9	7	1	2
Manufacture of other food products	29	28	4	3
Manufacture of beverages	3	3	0	0
Total	**95**	**99**	**12**	**16**

Table 2.4 Devon Food and Drink Businesses – 200+ Employees

Sub sector	South West		Devon	
	2000	2005	2000	2005
DEFRA Agriculture and Fishing	0	0	0	0
Production, processing and preserving of meat and meat products	15	12	3	1
Processing and preserving of fish and fish products	0	0	0	0
Processing and preserving of fruit and vegetables	1	2	0	0
Manufacture of vegetable and animal oils and fats	0	10	0	0
Manufacture of dairy products	13	0	3	3
Manufacture of grain mill products, starches and starch products	0	0	0	0
Manufacture of prepared animal feeds	0	0	0	0
Manufacture of other food products	19	16	1	1
Manufacture of beverages	4	4	0	0
Total	**52**	**44**	**7**	**5**

Employee Numbers

2.9 In 2005 there were a total of 5,361 people employed in the Food and Drink sector in Devon. This represented approximately 1.8% of all Devon employees and 9.1% of the South West workforce for the sector.

2.10 Approximately 11% of the Devon Food and Drink workforce work on a part time basis. This is less than the South West proportion of part time workers in the sector (16%).

2.11 If all part time workers are counted as 0.5 full time equivalents jobs (FTEs) it can be estimated that the Devon Food and Drink sector employs 5,063.5 FTEs.

2.12 Between 2000 and 2005 the Devon Food and Drink sector workforce reduced by 361. This 6% reduction in employee numbers was slightly less than that recorded across the region (-10%) as a whole.

2.13 If agriculture and fishing employees are removed from the total, the main concentrations of full time employees are found in the 'manufacturing of other food products' (29%), 'manufacturing of dairy products' (27%) and 'production, processing and preserving of meat and meat products' (27%).

2.14 Although, between 2000 and 2005, there has been a steady growth in the numbers of people employed in the 'manufacturing of other food products' (+166), 'manufacturing of beverages' (+116 people) and 'manufacturing of prepared animal feeds' (+53) there has been a reduction in employment across the other sub-sectors. The main job losses have been in the 'production, processing and preserving of meat and meat products' (-467 jobs) and the 'manufacturing of dairy products' (-201).

Table 2.5: Employment in the Food and Drink Sector

Sub sector	South West				Devon			
	2000		2005		2000		2005	
	P/T	F/T	P/T	F/T	P/T	F/T	P/T	F/T
DEFRA Agriculture and Fishing	5,758	18,490	5,983	16,187	68	636	63	676
Production, processing and preserving of meat and meat products	1,082	8,968	545	8,253	119	1,528	74	1,106
Processing and preserving of fish and fish products	93	583	80	704	11	74	13	59
Processing and preserving of fruit and vegetables	236	1,362	170	2,018	16	164	13	138
Manufacture of vegetable and animal oils and fats	2	42	2	6	0	28	2	6
Manufacture of dairy products	1,047	7,215	442	6,148	108	1,311	93	1,125
Manufacture of grain mill products, starches and starch products	94	418	41	303	1	3	2	1
Manufacture of prepared animal feeds	121	1,186	156	1,122	37	288	50	328
Manufacture of other food products	2,141	11,710	1,545	10,219	222	1,045	256	1,177
Manufacture of beverages	272	2,082	202	2,471	11	52	29	150
Total (excl. DEFRA Agric and Fishing)	**5,088**	**33,566**	**3,183**	**31,244**	**525**	**4,493**	**532**	**4,090**
Total	**10,846**	**52,056**	**9,166**	**47,431**	**593**	**5,129**	**595**	**4,766**

Source: Annual Business Inquiry Employee Analysis 2005

Productivity

2.15 In 2002 the Devon Food and Drink sector recorded £505 million of Gross Value Added. This represented 6% of the total Devon GVA and 20% of the region's Food and Drink sector GVA[3].

2.16 The Devon Food and Drink sector GVA fluctuated between 1998 (£525 million) and 2002 (£505 million). This trend is not consistent with the South West as a whole – which experienced 22% growth in GVA between 1998 and 2002.

2.17 Figures calculated by the Devon Economic Model show that the Food and Drink sector in Devon has experienced an overall rate of growth of 1.8% per annum between 1993

[3] Nankivell (2003) The Devon Economy 1993-2003

and 2003. The main sub-sectors of food and drink manufacturing, in terms of GVA, are dairy products, meat and meat products, bread and biscuits manufacture and sugar confectionery.

2.18 The main growth in output over the period 1993 to 2003 was in dairy products (+12%), although there has been a relative dip in output since 1998, as well as ice cream and soft drinks. Over the same period both fruit and vegetable production (-6.4%) and meat and meat products (-2.3%) have experienced a decline in GVA.

Table 2.6: Net Output of the Devon Food and Drink Manufacturing Sector (%)

	1993	1998	2003	1993/2003 % pa
Meat and Meat Products	20.5	22.7	13.5	-2.3
Fish	2.1	3.4	3.2	6.0
Fruit and Vegetables	5.0	1.9	2.1	-6.4
Oils and Fats	0.1	0.0	0.0	0.0
Dairy Products	7.6	21.4	19.6	12.0
Ice Cream	1.7	2.7	3.4	9.4
Grains and Starches	0.0	0.1	0.2	0.0
Animal Foods	6.2	5.8	6.1	1.6
Bread and Biscuits	24.7	25.2	17.3	-1.7
Sugar and Cocoa	12.6	10.1	19.0	6.1
Other Foods	10.3	2.0	8.7	0.1
Alcohol	8.8	3.3	5.2	-3.4
Soft Drinks	0.4	1.4	1.5	15.7
Total	**100.0**	**100.0**	**100.0**	**1.8**

Source: Nankivell (2003) The Devon Economy 1993-2003

Agriculture

2.19 It should be noted that the Annual Business Inquiry does not pick up all farm businesses and employees. The University of Exeter[4], in their analysis of the farming sector, concludes that in 2004 there were as many as 23,695 people working in the sector in Devon, with a trend towards employing more part time, casual and seasonal workers. This figure also includes farm owners and family.

Sector Specific Research

2.20 The following sector specific studies identify particular issues, including barriers to competitiveness, affecting the industry. In addition, location specific feasibility studies have already been undertaken to assess the potential demand for a food park.

[4] University of Exeter (2006) Agricultural Change and Farm Incomes in Devon: An Update

Sector Development

A Review of the Perceived Barriers to Improved Competitiveness in the Dairy Industry of South West England

2.21 In order to gain a greater understanding of the needs of the dairy sector, Dairy South West commissioned the University of Exeter to conduct a survey of the region's dairy businesses[5].

2.22 The survey found that 86% of the 80 businesses that took part in the survey planned to grow their business over the next five years. Of these, 33% aimed to grow at a very fast rate. This growth would be mainly achieved through expanding existing markets and products as well as accessing new markets.

2.23 Approximately 87% of respondents stated that they would take on additional employees as a result of business growth. However, of these, 67% highlighted that they anticipate difficulty in recruiting. Similarly, in growing their businesses, 64% expect to expand premises, 15% would move into new premises, 86% would expand processing capacity and 29% would expand their transporting fleet.

2.24 In order to achieve growth, 59% of respondents stated that they would seek professional help. Of these, 38% would seek technical assistance, 24% would want business/financial management, 16% help with marketing and 14% would require assistance in designing their premises.

2.25 When asked about barriers to business growth and competitiveness, the following issues were highlighted:

- Regulatory/compliance burden - 30%
- Competition within the UK - 30%
- Transport/distribution - 30%
- Staff/recruitment/retention - 31%
- Working capital - 25%

2.26 The largest businesses listed 'competition' as a key barrier, whilst smaller businesses listed 'marketing skills and transport issues' as important.

Perceived Barriers to Improved Competitiveness in the Bakery Industry of South West England

2.27 A survey conducted for Bakery South West[6] found that, in general, bakeries have achieved considerable growth over the last two years. This looks set to continue, with 59% of respondents planning to grow at a very fast rate over the next five years.

2.28 However, there is room for improvement in the performance of the sector. Areas that can be improved upon include:

- Managerial time (21%)
- Distance from markets (18%)
- Dependency upon too few markets (21%)
- Knowledge transfer (15%)
- Late payment (13%).

2.29 The main challenges facing bakery businesses were reported as:

[5] University of Exeter (2005) A Review of the Perceived Barriers to Improved Competitiveness in the Dairy Industry of South West England
[6] Bakery South West (2005) perceived Barriers to Improved Competitiveness in the Bakery Industry in South West England

- Staff recruitment and retention (36%)
- Competition within the UK (31%)
- Transport/distribution (18%)
- Managerial skills/expertise (18%)
- Effective marketing (15%).

Skills

Mapping Supply and Demand for Skills in South West England

2.30 This report, produced for the NTO National Council, identifies the following primary forces as driving the industry:

- Meat industry - A range of health worries, including BSE and FMD; the growth of supermarket power; decline of local abattoirs; increasing regulation etc.
- Dairy - The 'politicisation' of milk supply and pricing following industry deregulation in 1994; the decline of doorstep milk delivery and rise in supermarket sales etc.
- Bakery - Growth of substantial 'chain' bakers/retailers competing against small independent bakers/retailers etc.
- Seafish - Fish stock and quota issues; increase in farmed stocks; decline of local fishmongers etc.

2.31 Up to 2010 the South West Food and Drink industry workforce is expected to decline in line with national trends to 36,000 employees. The following occupations will be particularly badly hit:

- Sharp decline in skilled food craft occupations (butchers, bakers etc), bottlers, canners, labelers and packers, administrative and clerical staff
- Moderate declines in process and machinery operatives, skilled engineering crafts, sales occupations, basic support and senior management
- Minor declines in science and engineering professionals and associate technical staff and in transport.

LANTRA Sector Skills Agreement - South West of England

2.32 LANTRA, the Sector Skills Council for the environmental and land-based sector, identifies in the Sector Skills Agreement that current skills gaps include management and planning, ICT and technical, communications, literacy and numeracy skills.

2.33 Much of the land-based workforce is highly skilled in technical areas, with years of vocational experience, although these skills are unaccredited and currently not recognised.

2.34 Employers report that students lack the skills to enter employment and concern has been expressed about the industry relevance of some courses and the inflexibility of the course structure.

Devon Renaissance Business Surveys 2007

2.35 In 2007 Devon Renaissance undertook a survey of all rural Devon SMEs to ascertain business performance against a set of key indicators[7]. A total of 3,541 businesses participated in the survey.

2.36 One of the most important conclusions to be drawn from the survey was that only 10% of Food and Drink businesses adopt formal training methods. This is the lowest of all

[7] Devon Renaissance (2006) Devon Renaissance Business Survey

the sectors. It was also found that training in the food and drink sector is often driven by legislation and health and safety rather than productivity gain.

2.37 One of the main training needs that was identified by sector businesses is learning English. Food and Drink businesses are increasingly employing migrant workers who speak little or no English. Poor English speaking and reading skills cause difficulties for employers in terms of giving basic day-to-day instructions as well as for health and safety requirements.

Support Infrastructure Studies

Pre-feasibility South West Food Business and Innovation Centre

2.38 Workshops attended by key South West food industry representatives in 2005 highlighted the need for a pre-feasibility study to test the concept of establishing a Food Business Innovation Centre[8].

2.39 Survey work undertaken as part of this study concluded that more than two thirds of respondent businesses were facing limitations to growth, primarily due to space, marketing issues and skills gaps (particularly IT, management, technical and sales). The survey highlighted a need for provision of 'hands on' practical support to overcome growth constraints and recommended the use of 'food cluster parks' to create effective networking between the enterprises and support organisations. In terms of facilities provided, it was concluded that the parks should have food-grade units, incubator units, collaborative distribution components and specialist support services[9].

2.40 These recommendations are based on the fact that:

- 44% of companies interviewed expressed an interest in support services for logistical services/collaborative distribution/collaborative sales
- 32% showed interest in product development services – of these, 47% wanted help with formulation and/or recipe development, 31% required market research assistance, 27% wanted product testing undertaken and 24% wanted product process or packaging development. Only 6% suggested that they would use development kitchen facilities
- Approximately 26% of respondents expressed an interest in food grade units. The main requirements for these units included modern well equipped facilities (77%), flexible rental conditions (72%), the presence of other food companies (67%), logistics (62%), business support (59%), facility development (56%) and product development (51%)
- Only 9% of respondents were interested in contract manufacturing services.

2.41 However, although the study identified a series of potential support needs, it provided less evidence of a genuine market demand for many of the services to be provided.

Feasibility Study for a Food Park in Okehampton

2.42 GHK was commissioned by SWRDA to assess the feasibility of developing a food park in Okehampton. The overall aim of the research was to establish levels of interest in support services for the sector and to utilise these findings to define and scope a possible development in Okehampton.

2.43 Through extensive consultation with key industry representatives and a survey of businesses within 30 minutes of Okehampton, the following conclusions were drawn:

- There is strong local demand for a food park in Okehampton

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[8] Business Creation (2005) Pre-feasibility South West Food Business and Innovation Centre
[9] GHK (2007) Feasibility Study for a Food Park in Okehampton – Draft Final Report

- However, the service providers suggest that there would be limited demand for units on site
- The results suggest limited local demand for a specialist food park with a dedicated facility providing a wide range of specialist support services, such as production outsourcing and product development, which would also be in direct competition to the facilities provided at Duchy College
- The food themed food park should provide:
    - Food grade units
    - Access to, and signposting of, support services
    - Opportunities for collaborative distribution
    - Access to specialist training and support services offered by Duchy College and other providers
    - Central meeting rooms
    - Potential opportunities for:
        - An on-site retail unit to sell local produce
        - Innovation and promotion of good practice related to energy and waste management.

2.44 Whilst the report highlights a series of options for developing the site in Okehampton, the authors still suggest uncertainty over the level of demand for units from food companies and, as a result, conclude that consideration should be given to not excluding non-food companies if actual demand does not materialise.

Other Relevant Studies

Sectors and Clusters in Devon

2.45 Trends Business Research, in their analysis of the Devon economy, identified the Food and Drink sector as one of three key clusters, along with tourism and marine[10].

2.46 The authors conclude by stating that more research needs to be undertaken to help understand how growing businesses in these clusters are achieving their growth and why companies in difficulty are failing. It should also be noted that at the 'business' end of the Food and Drink cluster (i.e. manufacturers, services to them, technology developers and suppliers, R&D etc), proximity to one another would be a clear advantage.

2.47 In terms of assisting cluster development, the report states that Devon County Council could take a number of practical steps in terms of building the notion of clusters into its work when designing and delivering generic business support.

South West ICT Benchmarking Research

2.48 MRUK conducted a survey of 3,750 South West businesses, for SWRDA, to test ICT take-up and usage levels.

2.49 Analysis of those businesses in the Food and Drink sector revealed extremely low ICT use in the sector. Only 22% of Food and Drink businesses taking part in the survey had internet access and 74% of businesses did not even have a computer.

2.50 Although those food and drink businesses that had a broadband connection stated that it had assisted 'better communication with customers', only 19% of them said that it had helped to improve working practices, significantly less than all other sectors.

[10] Trends Business Research (2004) Sectors and Clusters in Devon

2.51 Of those food and drink businesses that do have broadband, 46% are able to make payments on line (all sectors = 59%), 57% could do orders on line (all sectors = 72%) and 50% exchange electronically (all sectors = 69%).

2.52 Approximately 48% of all Food and Drink businesses only order between 0 and 5% of their goods and services online. This percentage is extremely low in comparison to other sectors.

Skypark: Economic Impact Report

2.53 Skypark, situated beside Exeter Airport, will be developed over two phases to provide 140,000 metres^2 of office and light industrial space.

2.54 EKOS consulting, in their economic impact analysis, concluded that in its first year of operation, Skypark will employ about 470 people in the new buildings. By 2015 approximately 3,800 people will be employed at Skypark. Of these employees, it is anticipated that 465 will be in the Food and Drink sector.

2.55 The employment capacity of Skypark when completed is expected to be over 7,500, rising to at least 7,600 if a hotel is located on site[11]. In terms of GVA, Skypark is expected to be making a contribution of £9.4 million to the regional economy by 2011, rising to £66.7 million by 2015.

Summary

2.56 The Devon Food and Drink sector comprises 436 businesses employing 5,361 people. The sector is wide ranging, with particular strengths in dairy products, the production, processing and preserving of meat and meat products and the production of beverages. The sector has strong linkages with the agriculture and tourism sectors.

2.57 In recent years the sector has contracted slightly due to the consolidation of some sub-sectors, supermarket pricing as well as health scares including BSE and Foot and Mouth.

2.58 Key issues hindering the growth of the sector include staff recruitment and retention, distance from markets, difficulties related to transport and distribution, and skills gaps and shortages.

[11] EKOS (2006) Skypark: Economic Impact Report in Support of Planning Application

3 POLICY RESPONSE AND EXISTING INITIATIVES

3.1 The importance of the Food and Drink sector is reflected by the fact that key agencies have either produced strategies aimed solely at developing the sector or have identified it as one of their priority sectors.

3.2 This section summarises the main regional and sub-regional strategies relevant to the Food and Drink sector.

3.3 In addition, a mapping exercise of existing support initiatives available to the Food and Drink sector at a South West, Devon and district level has been undertaken. This helps to show how agencies have responded to assist the development of the sector as well as in identifying gaps in support infrastructure.

Policy Response

South West Regional Economic Strategy 2006-2015

3.4 The RES is aimed at boosting the competitiveness of the South West's economy. Regional priorities include supporting business productivity, encouraging new enterprise, delivering skills, competing in the global economy and promoting innovation. The Food and Drink sector is identified as one of the key sectors for development over the next decade. Specific delivery activities that could assist this development include:

- Enhancing business support for SMEs
- Promote regional sourcing and the development of supply chains
- Delivering sustainable sites and premises for business growth
- Implementing the Strategy for Sustainable Food and Farming
- Developing a culture of enterprise
- Developing workplace skills and training
- Attract and retain domestic and foreign direct investment
- Encourage collaboration between business and the region's knowledge base.

Making a Difference - The Delivery Plan for a Sustainable Farming and Food Industry in South West England

3.5 The Delivery Plan, which forms the South West implementation plan to the Government's Strategy for Sustainable Food and Farming, is formed around five main priorities, agreed by key partners, these include:

- Knowledge - actions include developing a network of food businesses capable of demonstrating good practice to others in the industry, promoting the take up of training and improving collaboration in providing training to the industry
- The food chain - actions include developing and supporting the key regional sector groups and increasing the purchase of locally sourced food and drink by the public sector.

3.6 The strategy outlines proposals to develop a collaborative distribution project to assist the share of regional food entering the local, regional, national and international retail and food service markets. It also proposes a series of initiatives to assist the reconnection in the food chain from producer to consumer.

South West Food and Drink Strategy 2005-2015

3.7 The Food and Drink Strategy provides a vision for what the industry could achieve over the next decade and a basis for Government agencies and others to prioritise their support.

3.8 The SWOT analysis conducted for this strategy highlights the following weaknesses:

- Lack of industry leadership – need to co-ordinate group activities
- Fragmented and disparate industry – producers are geographically spread and there is poor networking between them
- Poor distribution networks – especially in Devon, Dorset and Cornwall
- Skills shortages – shortage of food industry trained managers and workforce
- Seasonal demand fluctuation – there is a large influx of visitors in the summer months, putting a strain on producers and caterers alike.

3.9 In order to achieve the vision of assisting the South West to become the UK's leading food and drink region by 2015 the following objectives have been developed:

- Improving communication – marketing of South West products
- Accessing new markets outside the region – developing contacts with major trade buyers, providing trade information, exhibitions export activity etc.
- Developing local sourcing within the South West – e.g. food tourism, public procurement, buy local programmes etc.
- Improving supply chain efficiencies – commercial and technical signposting, industry access to experts, research, collaborative distribution, supporting co-operative working etc.
- Developing industry skills – industry-related training to encourage career progression and self esteem in the industry
- Supporting knowledge transfer and innovation – developing the role of science and technology in the innovation process – including food safety, business incubation and supporting access to new ideas and research
- Connecting farmers to the needs of consumers and processors and educating and connecting consumers and their children about food and drink
- Developing the understanding of the Food and Drink industry to the nutritional needs of the population and developing connections between health services and the Food and Drink industry
- Developing an understanding of the links between the environment and the heritage of the South West of England with its food and drink.

Devon Food and Drink Action Plan

3.10 The aim of the Food and Drink Action Plan is to clarify the role, activities and priorities of Devon County Council in terms of the work it does to support the Food and Drink sector. The overall goal of the plan is to 'maximise the production and consumption of quality food and drink from Devon'.

3.11 This feasibility study will help to inform the following objectives in particular:

- 2a. 'working with partners to ensure adequate provision of processing capacity in Devon at both small and large scale'
- 2b. 'working towards an improved network of distribution for local producers'.

3.12 The Food Park could help to deliver other Action Plan aims and objectives including:

- 1c. 'ensure producers have access to relevant research and information, particularly related to opportunities through: new technology; climate change; and to co-operative working'
- 4a. 'actively support the development of skills within the Devon Food and Drink sector'
- 4b. 'ensure adequate business advice is available to Devon Food and Drink businesses'
- 6a. 'increase the supply of local and seasonal food to the public sector in Devon'.

Existing and Proposed Initiatives

3.13 The following initiatives and organisations have been established to assist the growth of the Food and Drink sector in Devon.

South West Food and Drink

3.14 South West Food and Drink was set up in 2002 by SWRDA to lead on strategy development to 'champion regional excellence in food and drink from the region and to create a sustainable, regional food supply chain that delivers long-term profitability, value and quality for the South West'.

3.15 The organisation has six key roles. These include:

- Strategy - To develop and deliver a holistic strategy for the sector
- Sector groups - to agree, facilitate, focus and complement the funding and activities of sector groups that are part of SWFD
- New sector groups - to develop links with major food and drink industry sectors where there is no representation, such as fish, produce and drinks
- Representation, communication and linkages - To link all other bodies and associations for food and drink in the region and represent the South West food and drink industry to regional, national and EC bodies.

3.16 The SW Food and Drink has established key sub-sector groups to develop specific action plans. These include:

- **Meat South West** - aimed at improving integration and communication within the region's red meat supply chain
- **Organic South West** - aimed at further developing and overseeing the implementation of an action plan for the sector.
- **Dairy South West**.

3.17 Other sector groups are currently being developed to assist produce, drinks, bakery and fish sub sector businesses.

3.18 The Food and Drink Forum has identified access to move on premises/space, specialist technical advice and shared distribution facilities as being key factors that limit the growth of the sector in the region.

3.19 Investigations into the food park concept are on-going at a regional level and studies will be commissioned to test the idea. SWRDA are in discussion with Advantage West Midlands to see how their food park 'hub and spoke' model could be applied to the South West. SWRDA believe that one of the 'spokes' in the West Midlands, the Camden Chorley Wood Food Research Centre, could act as the 'hub' for the South West. Camden Chorley Wood is the largest membership based food and drink research centre in the World. It could provide essential knowledge transfer, product development and training to a range of small 'hub' incubation centres around the region.

Taste of the West

3.20 Taste of the West is a limited company established in 1991 to actively promote regional food and drink. This is done through a variety of methods including:

- Trade and meet the buyer events
- On line marketing
- Securing regular coverage in the regional, national and international media.

3.21 Taste of the West has recently developed a brand and supplies pooled produce from members to large scale buyers e.g. Budgeon's. In addition, it liaises with large supermarket chains to keep up with procurement opportunities and then briefs and trains members so that they are in a position to meet and sell to the buyer through specially organised 'meet the buyer' events.

3.22 Additional activities include hosting workshops and seminars to inform businesses of market developments and to provide legislation updates. Taste of the West also runs a popular and respected annual Food and Drink Awards competition.

Fed-Tech

3.23 Fed-Tech – the Food and Drink Industry Enterprise Development Technical Support Service – is an initiative to assist small and medium sized Food and Drink businesses across the South West. The service is provided free of charge by the Camden Chorley Wood Research Association. The service provides answers to technical issues and queries in a range of fields including HACCP, traceability, ingredients, recipe formulation and process development.

3.24 Fed-Tech has operated as a pilot project over the last 18 months. Due to low levels of industry take-up the project has closed and will be superseded by the Food Innovation Service operated from Duchy College.

South West Food and Drink Skills Network

3.25 This organisation was established in 2001 to provide training needs analyses and to signpost and deliver training and up-skilling programmes to the region's Food and Drink businesses.

3.26 The SWFDSN is funded by SWRDA and the LSC, and is made up of a partnership led by South West Food and Drink and comprising the land-based colleges of Duchy, Bridgwater and Hartpury.

3.27 The SWFDSN has sought to cater for all skills needs within the sector, from technical and hygiene training to generic skills tuition. One example of generic skills training is the Improve Language Skills of Overseas Nationals (OSN) programme. OSN was set up by SWFDSN and the South West Skills for Life Unit to help overseas nationals to improve their spoken and written English in a workspace context. This will have a huge impact on productivity and efficiency within the sector by decreasing wastage and increasing efficiency through improved communications and briefings. Initial training courses are currently being held at Exeter College and further training courses will be rolled out across the region in 2008.

3.28 SWFDSN is being replaced with the Small Business Access to Excellence Scheme from April 2008. This will form part of the national Improve Skills Academy. The new project will perform the roles of assessing the training needs of the sector and working with the colleges and other training providers to develop courses in response. It will also undertake individual business training needs assessments and will signpost them to the right courses and/or establish bespoke courses accordingly.

3.29 The South West Small Business Access to Excellence Scheme will have the following annual targets:

- 150 businesses with improved performance
- 20 knowledge based collaborations formed
- 850 people having skills developments
- 20 gaining basic skills
- 350 achieving level 2 qualifications or above.

3.30 Although the Small Business Access to Excellence Scheme will not provide training subsidies, it will signpost businesses to initiatives and organisations like Train to Gain and the LSC that do provide subsidies.

South West Rural Enterprise Gateway

3.31 REG was set up in 2004 to provide support to groups of agricultural and rural businesses. The package of support includes:

- A rural gateway – providing a free information and signposting service for all rural businesses
- Knowledge Transfer – assistance for groups of businesses to develop and realize their action plan activities (with the assistance of HE colleges)
- Business support – grant funding for consultancy or technical advice
- Workforce development – grant funding at 75% or 50% towards the cost of skills development
- Collaboration service – encouraging, promoting and supporting collaborative activity between farmers and between farmers and the food chain. This service is provided through English Farming and Food Partnership advisors.

3.32 REG is currently supporting over 200 groups of businesses across the region. The delivery plan is currently being revised. From the summer of 2007 food and drink businesses will be eligible to take part in the project and benefit from the range of support provided.

FE and HE Support for the Sector

3.33 Devon's main agricultural college, Seale Hayne, closed down recently. Seale Hayne provided essential training to future Food and Drink sector workers and supported the industry through workforce development and product development activities.

3.34 The University of Plymouth is investing in a strategy to strengthen the Food-Nutrition-Health continuum in the South West peninsula. The University of Plymouth and Duchy College, part of Cornwall College, are working in partnership to strengthen the University's Agri-Food Centre with a new agrifood facility at Duchy College. The new £4.75 million centre provides a base for new food-based foundation degrees as well as providing a practical training and development facility (including pilot plant facilities for experimental processing and production) for the South West Food and Drink sector. Plans are also being developed for a nutrition and food centre at Plymouth University.

3.35 Duchy College is a COVE for food and drink tuition and has signed a LSC Agreement to provide training to businesses throughout Cornwall and Devon. The College provides work place based as well as on-site training. The SWFDSN Skills Advisor for Devon is responsible for signposting businesses to Duchy College for training.

3.36 In addition to the higher education provision, most of the Devon based FE colleges provide basic food hygiene and safety courses as well as NVQ food sector qualifications, although these tend to be geared up to the hospitality and catering sector.

Local Support Initiatives

Rafael

3.37 The Rafael project, led by Devon County Council, has recently finished. It aimed to encourage people in Devon to value Devon's producers and understand why buying authentic food benefits the local economy, landscape and environment. The project also supported businesses by working with Devon's schools to encourage them to buy more authentic produce and support producers with their marketing activities.

3.38 The project managers worked with other departments from DCC to help develop the Fresh Start menu for some of Devon's schools and maximise the use of local food. They have worked with 'opted in schools' and producers to establish pilot distribution networks and have held various training events for school kitchen managers. In addition, the project managers have organised 'meet the buyer' events to link schools with local producers and have assisted producers with marketing activities. The project has also been at the forefront of setting up trade links between Devon and other regions of Europe that are part of Rafael.

South Hams District Council

3.39 South Hams District Council has been very proactive in its support for the Food and Drink sector. The main support for the sector is provided through the South Hams Food and Drink Association, which was formed in 1992 to promote the variety and excellence of food and drink produced in the area. The Association has approximately 70 members including producers, hoteliers, local restaurants and public houses. The District Council organises the South Hams marquee at the County Show every year.

Ruby Country

3.40 The Ruby Country Initiative was established after the foot and mouth crisis to promote the area around Hatherleigh and Holsworthy. The initiative was initially set up by local authorities with the help of EU and DEFRA funding.

3.41 The main objective of the initiative was to set up and promote a series of circular trails. In order to ensure that land-based businesses and other small enterprises can directly benefit from the success of the area as an emerging tourist destination, focused marketing has been undertaken. The main strand of marketing has been around the food and drink sector, including pubs, restaurants and producers. There are a total of 27 producers in the Ruby Country Produce Directory.

3.42 Funding has now been secured to develop Ruby Country further.

South Devon and Dartmoor Food Group

3.43 The South Devon and Dartmoor Food Group was established in 2006 and is supported by Teignbridge District Council. The Group already has 60 members. They have produced a guide and have organised meet the customer events, including a stall at the County Show. They plan to do meet the buyer events and have set up a 'friends of the Food and Drink Group', members of which can visit businesses to try their produce.

Discover Devon Naturally

3.44 A key element of the Discover Devon Naturally sustainable tourism project is the local food and drink initiative. This element seeks to establish stronger linkages between local food and drink producers and Devon's hospitality sector. It also seeks to inform tourism providers of local purchasing opportunities and the marketing advantages that can be derived from local purchasing.

North Devon Marketing Bureau

3.45 The North Devon Marketing Bureau was established to promote and develop tourism for the North Devon and Torridge area. It is a partnership between private businesses and North Devon and Torridge District Councils. Whilst much of the promotional work is related to tourism, there is also much focus upon promoting the area's food and drink sector. The NDMB hosts the North Devon Food and Drink Guide website and brochures. This guide has 22 producer members. The NDMB also organises annual Food and Drink awards.

Somerset Foodlinks/Source

3.46 Somerset Foodlinks has played an important role in supporting the development of Source, a local distribution network on Exmoor. Source is a co-op made up of 25 producers (annual fee is £300) and 10 associate members.

3.47 Source is run as a business, with a full time manager funded through the Rural Enterprise Scheme. The manager is responsible for marketing, liaison with buyers, administration and co-ordinating deliveries. When a delivery is required the Source van (held on a contract basis) visits the producers to pick up stock. It is then taken back to a purpose built warehouse, from which deliveries are undertaken. Source takes 20-30% of each commission. Deliveries can be as far a field as Ilfracombe and Bridgwater.

3.48 The warehouse, located on a member's farm, cost £70,000 to build. Funding was received from the Rural Enterprise Scheme. The unit is food safe, with plastic wipe down paneling and painted floors. Two large fridges are sited in the building.

3.49 Revenue funding for the business runs out in March 2008. Current projections suggest that Source will be self-financing by this time.

3.50 Somerset Foodlinks helped Source with initial feasibility work, co-ordination and funding applications. Additional assistance was provided through the South West Rural Enterprise Gateway and English Food and Farming Partnership.

Food Park Proposals

Okehampton

3.51 As mentioned in Section 2.44, SWRDA and West Devon Borough Council are currently testing the feasibility of establishing a food park in Okehampton and have interviewed businesses within a 30 mile radius in order to understand their requirements and to test the potential demand for facilities.

Tiverton

3.52 Proposals to develop a 27 acre food park at Junction 27 (Tiverton) of the M5 are currently on hold due to difficulties in securing planning permission. It was proposed that the site should cater for manufacturing, processing, labeling, chilling, freezing and bottling activities. There would also be offices for food related businesses. The food park would have cost £27 million to build[12].

Bridgwater

3.53 A new £100 million 'agricultural centre' is being built on a 60 acre site near Junction 24 of the M5 at North Petherton. The centre will act as a 'one stop shop' for farmers and will include a15 acre farmers' market, regular livestock auctions, offices for auctioneers and surveyors, and accommodation for agricultural suppliers and retailers. As part of the development, Robert Wiseman Dairies will construct a 20 acre milk processing plant, supplying milk to the whole of the South West. Other large scale food and drink businesses are currently in discussion with the developers with a view to taking up land on the site.

3.54 Around 1,000 jobs will be generated by the centre. It is expected to open in 2007 and is expected to replace both Taunton and Highbridge livestock markets[13].

[12] Devon County Council – Committee Report Code No: CX/06/79 – www.devon.gov.uk
[13] www.burnham-on-sea.com

Summary

3.55 Strategic organisations like SWRDA and South West Food and Drink have prioritised the promotion of regional foods, the development of supply chains, enhancing business support and workforce development and skills.

3.56 These priorities are already being delivered through key organisations like Taste of the West at a regional level and a range of initiatives at a local level.

4 DEVON FOOD AND DRINK

Introduction

4.1 This chapter highlights the key issues emerging from the extensive consultation exercise undertaken with key industry representatives, businesses and support agencies.

4.2 The chapter is split into the following sections:

- Strengths and weaknesses of the Devon Food and Drink sector
- Barriers to growth
- Current use of business support and training and demand for services
- Key markets
- Procurement.

Strengths and Weaknesses

4.3 All participants in the consultation exercise were asked to identify key strengths and weaknesses of the sector. The most popular answers are listed in table 4.1.

Table 4.1: Strengths and Weaknesses

Strengths	Weaknesses
▪ The Devon brand ▪ The image and environment ▪ Speciality foods in the South Hams ▪ Overall high quality products ▪ Dynamic businesses producing a range of produce ▪ Linkage to tourism - strong hospitality sector ▪ Organics (at 32,000 ha it has the greatest coverage in England) ▪ Innovation - commitment to, leading the way on diversification ▪ Niche products ▪ Food and drink festivals ▪ Good communication between regional and county food sector organisations	▪ Regulations - designed for large businesses but difficult to apply to small businesses ▪ Adding value to primary products in North Devon is very underdeveloped ▪ Distribution - often has to go out of county in order to come back ▪ Lack of coherent identity for the Devon Food and Drink sector ▪ Not good at marketing lamb ▪ Rurality and transport infrastructure ▪ Skills shortages - particularly butchery, fish filleting, craft bakery, leadership, management, skills for life and English ▪ Shortage of available labour ▪ Poor marketing skills ▪ Poor supply chain linkages and networking ▪ Poor knowledge and take-up of ICT

Barriers to Growth

4.4 Many barriers to growth were reported due to the extensive range of businesses sampled. The main barriers reported were:

- Competition – this ranged from being undercut by the import of cheaper produce from overseas and the unfair margins offered by supermarkets down to the saturation of certain products on sale at farmers' markets and of organic box schemes.
- Distribution – distribution is a common problem. Many businesses are located in rural areas and find it difficult to distribute their produce to buyers or to the point of sale because it is time consuming and expensive. This often limits the size of the market that they can access.
- Skills/training – some business owners were concerned that there is a shortage of industry specific expertise, particularly related to product development and marketing, that businesses can tap into after the closure of Seale Hayne.
- Selling locally – businesses expressed concern that people still perceive local food to be expensive. After an initial increase in sales after the Foot and Mouth crisis, some businesses feel that the customer base has remained at the same level whilst the number of producers targeting them has increased.
- Facilities/premises constraints – some businesses reported that they had out grown their existing premises but were struggling to either secure planning permission for an expansion or find suitable food specification units within an ideal drive time of their house.

4.5 Although use of IT was highlighted as being particularly poor amongst food and drink businesses surveyed as part of the South West ICT Benchmarking study, it is difficult to comment upon IT training needs in Devon based upon the survey undertaken for this study. This is due to the fact that the large majority of businesses sampled were selected from an internet trawl and, therefore, already have IT systems and websites, most of which allow online purchasing. However, the poor take-up of IT within the sector was highlighted by several support organisations as being a major barrier to competitiveness. To illustrate the scale of the problem, less than half of the 5,000 businesses on the SWFDSN database have an email address.

Business Support and Training

4.6 A large majority of those businesses interviewed have used business support and training providers before. The most regularly used provider used was Business Link (35% of businesses), from whom businesses have sought business advice and support, IT support (through Broadband4Devon) and training (through Train to Gain). Other support agencies used include Taste of the West, for promotion and marketing, and Agri-BIP for business advice and hand-holding.

4.7 Many felt that the right advice and training is available but still find it very difficult to choose between the plethora of organisations and providers available. There does not appear to be a single point of entry for accessing support and training, although Business Link is making steps to resolve this through the Rural Enterprise Gateway and Train to Gain.

4.8 Several businesses were critical of the business advice and training available, stating that it is too generic and not industry specific. The perceived shortage of specialist training, particularly with regard to product development, was highlighted as a particular concern. Whilst the most important training need is for food hygiene courses, the industry is finding it increasingly difficult to find appropriate sub-sector specific courses that are pitched at the right level, in traditional skills like butchery, cheese making and meat handling. Some feel that this problem has become more pronounced following the closure of Seale Hayne.

4.9 An alternative viewpoint is that businesses do not often realise the benefits or efficiency gains that they can achieve through gaining advice from a business adviser. To overcome this, work maybe required to promote the impact of business advice and training on business performance.

Demand for Services

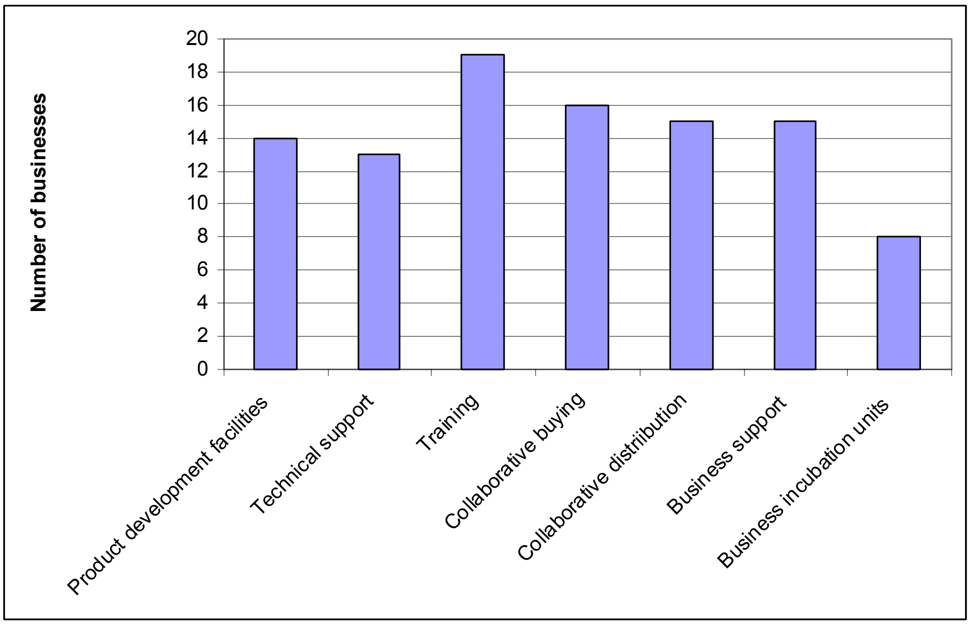
4.10 Businesses were asked which of the following services or facilities that they would be willing to pay for:

- Product development facilities
- Technical support
- Training
- Collaborative buying
- Collaborative distribution
- Business support
- Business incubation units.

4.11 The widely supported options were training (56% of businesses surveyed), product development facilities (44%) and technical support (31%). Of the other options, 41% of businesses would consider collaborative buying and 37% would consider collaborative distribution (see chart 4.1). A total of six businesses, all employing fewer than five people, would consider moving into incubation units.

4.12 All of those interviewed thought that smaller companies would benefit from the services or facilities listed above, particularly incubation units.

Chart 4.1: Demand for services



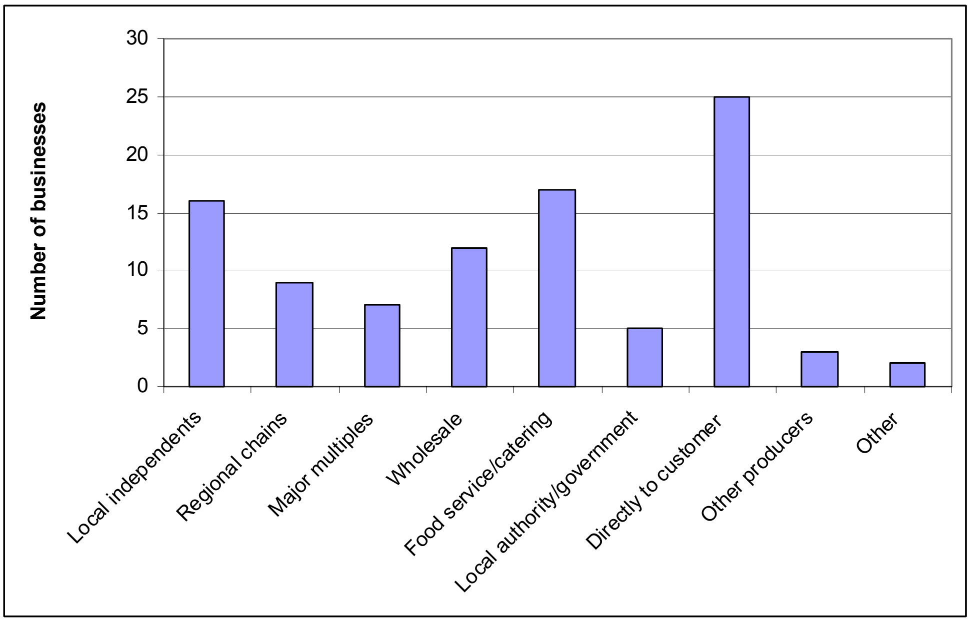
Markets

4.13 Chart 4.2 shows the main markets for the food and drink producers that were surveyed. The most popular forms of selling, particularly amongst the smaller companies, are directly to the customer (25 out of 30), through local independents (16) and to food services and catering (17). The main methods of selling directly to the customer are through websites, farmers' markets, local shows and box schemes.

4.14 A total of nine businesses sell to regional chains, the main ones being SPAR and Londis, and seven sell to major multiples. The seven businesses that sell to major multiples sell to all the major chains including Waitrose (6), Tesco (3), Sainsbury's (3), Morrison's (3), ASDA (1), Somerfield (1) and Co-op (1).

4.15 Only five of the businesses sell to local authorities or the government, including DCC and the NHS.

Chart 4.2: Markets



Procurement

4.16 All businesses, apart from two, plan to grow their operations and sales over the next five years. Although many plan to grow within their existing local markets, many are likely to access new market opportunities offered by regional and major multiples as well as local authorities.

4.17 In the past the tendering process has been so bureaucratic that many businesses have been put off tendering at an early stage. Other businesses have also ruled out selling to supermarkets because they feel unable to fulfil supply requirements throughout the year.

4.18 Buyers for the major chains are fully aware of the quality of produce on offer in Devon, particularly through 'meet the buyer' events organised by Taste of the West. This awareness, along with a desire to reduce food miles, has highlighted the importance of stocking local 'county based' lines and supermarkets are therefore keen to expand these significantly over the next few years.

4.19 In order to assist the development of 'local' lines supermarkets are now making every effort to help their suppliers to satisfy their agreements. For example, Tesco helps smaller producers with GXZ, a web-based electronic ordering and invoicing system, and provides free consultancy help with branding and labelling and organises training events in partnership with Duchy College.

4.20 Waitrose define local chains as those that are produced within 30 miles of individual stores. They offer producers within the 30 mile radius the option of delivering to one store or, if they have capacity, to deliver to three or more stores.

4.21 Tesco still distribute to all their stores from a central distribution depot in Chepstow. They are looking at alternative solutions to this, including establishing a regional distribution 'hub' in Devon. The 'hub' depot would need to comprise a number of different temperature controlled chambers e.g. below freezing for frozen foods, 0-2 degrees for fish, 2 to 5 degrees for dairy and meat, 12 degrees for produce and flowers and ambient for other products.

4.22 Devon County Council and the NHS have been at the forefront of assisting local businesses to tender for contracts. Devon County Council has, for example, reduced the size of the application forms significantly and provide training events for suppliers and potential contractors. Training is also provided to those schools that have chosen to participate in the Fresh Start menu scheme to help them choose products from the contractors list.

4.23 Devon County Council has recently completed a procurement exercise to develop a list of quality assured preferred suppliers to the Council (mainly schools and residential homes). Of the 38 businesses chosen, more than half are from Devon. Flexibility is also offered, with businesses given the chance to deliver very locally, further afield or on a county wide basis.

4.24 Therefore, whilst businesses often complain about bureaucratic tendering processes and inflexibility, it is clear that supermarkets are keen to stock local lines and are working hard to assist smaller producers to supply to them. Supermarkets and local authorities, state some of the reasons for the perceived difficulty in the tendering process are due to the fact that:

- Some businesses do not fill in the forms properly
- Businesses are generally not good at selling themselves
- Some businesses are either not IT enabled or IT literate and are therefore unable to complete their forms and transactions electronically
- The quality of typed returns, particularly spelling, is extremely poor.

Summary

4.25 The image of Devon, particularly its environment, is strong and can be used to market food and drink. There is a good range of high quality foods already being produced.

4.26 Weaknesses include distribution, skills shortages, particularly in marketing and IT, and poor supply chain linkages.

4.27 Many of these weaknesses represent barriers to growth along with additional barriers like competition and a shortage of appropriate premises.

4.28 Most businesses have used business support at some stage but concerns were raised that there is not enough sector specific support and training available.

4.29 The businesses consulted were selling to a broad range of customers, ranging from farmers' markets to supermarkets.

4.30 Major supermarkets and local authorities are very keen to buy from more local suppliers and have tried to offer as much flexibility and support as possible to enable this. Part of the problem lies with some suppliers, who are not good at selling themselves or are not IT enabled.

5 OPTIONS FOR INTERVENTION – ADVICE, TRAINING AND OTHER SUPPORT

Introduction

5.1 This Section highlights the key issues that have been identified through desk research and consultation, that may not be being addressed fully by the existing support agencies and projects.

5.2 Where gaps in support are identified, proposed actions for addressing these are put forward.

Issues

5.3 The following issues have been identified as either gaps in the support that is currently available to the sector or represent key barriers to competitiveness.

ICT

5.4 The South West ICT Benchmarking report showed that Food and Drink is lagging behind other sectors in the take up and adoption of ICT. Of those businesses that have adopted IT and broadband, many have not fully incorporated it into everyday business activities.

5.5 The businesses consulted for this study were selected from the internet and, due to the fact that most have websites and online purchasing facilities, are not likely to be truly representative of the sector as a whole.

5.6 It is important that Food and Drink sector businesses adopt IT and incorporate it into their working practices if they are to remain competitive and realise the benefits that can be accrued, particularly in relation to expanding market boundaries. The adoption of improved IT practices would go some way to improving supply chain linkages.

Skills

5.7 Reports undertaken for Improve, Lantra and South West Food and Drink have identified skills shortages and gaps in a wide range of skills including managerial, marketing, IT and traditional specialist butchery, bakery and other food craft skills. The recent influx of overseas workers has also resulted in the need to supply more generic skills training, particularly in spoken and written English and 'life skills'.

5.8 The businesses consulted as part of this study were generally interested in undertaking training and often send their employees on courses. However, several businesses have noted a decline in specialist Food and Drink sector training that is available since the closure of Seale Hayne. The loss of such industry expertise has resulted in several businesses attending courses that were either badly structured or were run by sub-standard trainers.

Business Advice

5.9 Many businesses reported that their first call for business advice and support is Business Link. Whilst some are happy with the quality and range of support available, others were concerned that Business Link is becoming more of a virtual interface. Furthermore, the advice offered by Business Link is often too generic as it employs few or no Food and Drink industry experts.

5.10 Businesses would also like more access to ongoing support or 'hand-holding' to guide them, particularly during their first few years of operation or when adopting new IT. Similarly they would like to be able to easily access product development facilities and experts.

5.11 It is clear that some businesses remain relatively unengaged in terms of accessing business support and training. Engaging these businesses is important to help assist development ambitions and ensure future competitiveness.

Distribution

5.12 One of the key barriers to growth experienced by Food and Drink businesses in Devon is distribution. Due to the relative isolation of some businesses from their core markets, small business owners increasingly have to spend much of their time driving around Devon or further afield delivering their produce to customers. This is time consuming and expensive in terms of both time at the wheel and the cost of fuel. More time at the wheel means less time spent carrying out other business activities associated with production and selling.

Building on the Devon Image

5.13 Much emphasis has been placed upon developing the 'South West' brand in recent years. Whilst the South West brand has proved a successful marketing tool, supermarkets are now placing more emphasis on developing county lines or even sourcing from within a 30 mile radius. Devon produce is seen by supermarkets and their customers as having a very strong image, partly due to the county's association with tourism.

Adding Value

5.14 The South Hams has a plethora of niche market Food and Drink businesses that have successfully added value to primary produce. The district council has done much to support the development of the sector in the South Hams through the Food and Drink Association and other support initiatives.

5.15 Although efforts have been made to promote North Devon food and drink through the North Devon Marketing Bureau (now part of North Devon +), the sector still seems to be relatively underdeveloped. More assistance may therefore be required to assist businesses in the county, in North Devon in particular, to add value to and sell their produce.

Procurement

5.16 Devon County Council and supermarkets like Tesco and Waitrose are very keen to buy more Devon produce. Much has been done to encourage and assist local businesses to tender for contracts and then honour them. It is important that this work is continued and that the lessons learnt are disseminated to other organisations like the NHS.

5.17 Whilst it is still acknowledged that more can still be done to ease the procurement process, it is important that smaller businesses improve their selling, communication and IT skills.

5.18 On the purchasing side, it is important that schools develop their menus so that they require more local foods and that 'opted out' schools are encouraged and assisted to buy local.

5.19 In addition, it is important that Devon Purchasing continues to work with 'opted in' schools to develop menus that source more local food and with 'opted out' schools to help them identify local producers.

Actions

5.20 The following actions are proposed to help address these issues:

ICT

5.21 It is recommended that Devon County Council, in partnership with IMPROVE, South West Food and Drink and the local FE colleges, take action to address the poor take-up and adoption of ICT within the industry and identify potential responses.

5.22 Responses could include a project aimed at:

- Educating businesses about the benefits that can be accrued through ICT take-up and adoption
- ICT training
- Developing ICT software to benefit SMEs.

Skills

5.23 The Small Business Access to Excellence Scheme, which will form part of the national Improve Skills Academy, will continue the work of the SW Food and Drink Skills Network through conducting Training Needs Analyses for businesses and signposting them to relevant courses accordingly. In addition, it will be more proactive in surveying businesses to assess skills needs and gaps and will liaise with FE and HE colleges to establish relevant core and bespoke courses to cater for these needs and gaps.

5.24 New investment at Duchy College will help to maintain industry specific training availability across Devon and Cornwall and address the gap left by the closure of Seale Hayne. Appropriate locations or businesses may be need to be identified around Devon for outreach and bespoke training delivery. This could potentially be linked to a 'food park' development.

Business Advice

5.25 Business Link, as part of its sector development strategy, intends to employ more industry experts to provide advice and support to SMEs. Devon County Council should meet with Business Link to discuss further gaps in support, particularly in relation to establishing a business to business mentoring scheme as well as promotional activities to highlight the positive impact that business advice and training can have on performance.

5.26 The gap left by Seale Hayne has been filled by the creation of a new food technology centre at Duchy College. It is important to ensure that Devon Food and Drink businesses are signposted to this facility and the associated Food Technology Innovation service.

Building on the Devon Image

5.27 The County Council has facilitated the development of a Devon Brand on behalf of the Devon Economic Partnership. This has been in response to evidence and research to show that the perceived image of the county is very traditional and the county needs to be repositioned as a destination of choice to live, work, learn, invest and visit.

5.28 A new brand has been created to work across the business and tourism sectors and work needs to be completed on implementing it in partnership with businesses. This is an opportunity for the food and drink sector to engage with the new brand and benefit the profile of Devon within their existing and new markets. Resources such as text, photos and guidelines and support in the form of training needs to be carried out to allow food and drink businesses easy access and use of the new brand.

Distribution and Adding Value in North Devon

5.29 It is recommended that Devon County Council support small food and drink businesses in the rural areas of the county through:

- Assisting the creation and development of distribution networks

- Developing a database of existing distributors, that businesses can access and link in with.
- Provide advice and signposting to people looking to start adding value to produce (with an emphasis on North Devon, Torridge and West Devon).

5.30 In addition to these actions, DCC and/or South West Food and Drink should meet with key supermarket chains to discuss the need for and possible location of a distribution hub. This could potentially be operated by a third party to allow several supermarket chains to use it. It could potentially be located alongside a ‘food park’ site on a key arterial route.

Procurement

5.31 Devon County Council has a strong role to play in setting an example to other public sector bodies in assisting local businesses to tender for contracts. The approach taken by Devon County Council, in offering training, the simplification of forms and the offer of flexibility over the size of contracts, should be disseminated to other local authorities and public sector bodies as a model of good practice. The Devon Procurement Partnership is already established and will be the catalyst for influencing public sector purchasing.

5.32 In addition, it is important that Devon Purchasing continues to work with ‘opted in’ schools to develop menus that source more local food and with ‘opted out’ schools to help them identify local producers.

5.33 Devon County Council should meet with the supermarkets to discuss potential actions required to help enable smaller businesses to overcome barriers to selling to supermarkets. It is likely that a training programme aimed at selling, communication, tendering and client relationships would be beneficial, however, it is important that further consultation and mapping is undertaken, particularly with Duchy College and Taste of the West, in order to ensure that duplication of effort is avoided.

Summary

5.34 Table 5.1 (overleaf) summarises the key issues identified from the literature review and consultation exercises and proposes a series of actions to be delivered by DCC and partners to address these issues.

Table 5.1 Issues and Actions

<table>
<tr><th>Issue</th><th>Action</th></tr>
<tr><td><u>IT</u> – The food and drink sector is reported to be the slowest to take-up and realise the full benefits of IT. IT has a strong role to play in sector, particularly in relation to marketing and procurement.</td><td>Devon County Council in partnership with IMPROVE, South West Food and Drink and training providers should take action to address poor take up and use of ICT in the sector. In the short term actions should be taken to educate businesses about the benefits of incorporating ICT into business activities, upskill the workforce in ICT, and assist businesses to identify and/or develop appropriate software.</td></tr>
<tr><td><u>Skills</u> – some businesses complained about the quality of training on offer, in terms of the skills and expertise of the teachers and the relevance of the courses provided.</td><td>The Small Business Access to Excellence Scheme, which will form part of the national Improve Skills Academy, will continue the work of the SW Food and Drink Skills Network through conducting Training Needs Analyses for businesses and signposting to relevant courses accordingly. In addition, it will be more proactive in surveying businesses to assess skills needs and gaps and will liaise with FE and HE colleges to establish relevant core and bespoke courses to cater for these needs and gaps.</td></tr>
<tr><td><u>Business advice</u> – more accessible business advice/handholding is required. At the moment Business Link is just an interface and it does not provide food sector specialist advice.</td><td>Business Link are intending to employ more sector experts to provide advice and support. It is important that more work is done to convince businesses that they would benefit from advice and are subsequently signposted to the right service.</td></tr>
<tr><td><u>Technical expertise</u> - The closure of Seale Hayne has left a gap in the provision of industry expertise and product development facilities.</td><td>The gap left by Seale Hayne will be filled by the creation of a new food technology centre at Duchy College. It is important to ensure that Devon food and drink businesses are signposted to this facility and the associated Food Technology Innovation Service. Knowledge transfer could also be facilitated through the internet and seminars.</td></tr>
<tr><td><u>Developing the Devon Brand</u></td><td>Devon County Council is progressing the development of a Devon brand with a brand development consultant. A food producer will pilot the brand in a national supermarket.</td></tr>
<tr><td><u>Distribution</u> - many people mentioned the need to establish a central distribution hub to reduce the volume of food leaving the county, only for it to return again. Similarly, it was suggested that a number of distribution hubs should be created around the county to service local markets, including the tourism sector</td><td rowspan="2">It is recommended that Devon County Council support businesses in the rural area of the county through:
- Assisting the creation and development of distribution networks
- Developing a database of existing distributors and routes that businesses can access and link in with.
- Providing advice and signposting to people looking to start adding value to produce (particular focus on North Devon).
It is recommended that Devon County Council and/or South West Food and Drink meet with key supermarket chains to discuss the need for and possible location of a distribution hub, operated by a third party.</td></tr>
<tr><td><u>Adding value</u> – Industry experts suggest that North Devon is lagging behind the South Hams in terms of adding value to raw produce and promoting local produce</td></tr>
<tr><td><u>Procurement</u> - it was argued that although there have been improvements it is still very difficult for local producers to sell to the public sector. It is important that the public sector sets a clear example to large businesses by sourcing local food and drink wherever possible.</td><td>Devon County Council should encourage greater take-up of local food by other key public sector organisations through the Devon Procurement Partnership.
Devon Procurement Services should continue to encourage ‘opted in’ schools to develop menus that require locally sourced produce and assist ‘opted out’ schools to identify and buy from local producers.</td></tr>
</table>

6 DEVON FOOD PARK

Introduction

6.1 This Chapter outlines the results of the consultation exercise to test the concept of establishing a 'food park' in Devon.

6.2 Recommendations on the preferred option for development are based around this consultation as well as upon case studies of existing UK food parks (see Appendix 3).

Food Parks

6.3 Generally a food park is a term used to describe a collective of food sector businesses operating from one site or estate. These are likely to include food processing businesses as well as allied operations such as packaging suppliers and specialist service providers.

6.4 Experience from around the UK suggests that there is no standard model for a food park. Parks range from large industrial estates to small incubator units or just retail facilities. The case studies outlined in Appendix 3 clearly illustrate the range of models that can be applied. These include:

- Cross Hands Food Park, Swansea – a 50 acre park including incubators and support services. Several large food processors, including Dawn Pac, have already been attracted to the site. The park was predicted to have created approximately 1,000 new jobs by July 2007
- Southglade Food Park, Nottingham – a purpose built centre aimed at assisting start up businesses to grow. This comprises two incubators, four hatcheries and four nursery units. In addition, an onsite business support centre provides advice, training and product development support. The park is predicted to create 170 new jobs onsite
- Bradford Food Technology Park – a park with six incubator units, five larger units and plots of land for expansion and for larger businesses to carry out design and build of premises. Approximately 150 jobs are expected to be created onsite
- Barker Business Park, Yorkshire – a total of six incubator and five larger units have been built, with further phases planned. All the units were occupied within 6 months of completion and, to date, 78 jobs and 12 businesses have been created in three years on site
- West Midlands Hub and Spoke Model – Advantage West Midlands and partners are in the process of developing a series of 'spoke' incubator units on sites around the region. These will be linked to a 'hub' site in Shrewsbury that will provide a range of units and a central business support centre.
- Lakeland Food Park, Cumbria – a centre that has grown from a farm diversification scheme into a centre that provides eight food processing units, a meat cutting plant and a farm shop for local producers. In addition, a local distribution network that delivers to ASDA and hotels and restaurants is co-ordinated from the centre
- Kingsley Village, Cornwall – a purpose built 3,716 metre^2 private sector led retail outlet for Cornish food and crafts. It is predicted to boost the Cornish economy by £4 million and provide 86 FTE jobs.

6.5 For the purpose of this exercise the definition of a food park has been left open ended to allow businesses and other consultees to express their opinions on what it should comprise, if anything.

A Devon Food Park?

6.6 All people consulted were asked whether or not a 'food park' should be created in Devon.

6.7 Of the 30 businesses interviewed, 19 thought that a food park should be created in Devon. Of these businesses, 12 would consider taking space on a food park, either in an industrial or retail unit.

6.8 Only seven businesses thought it would be a bad idea. Those that opposed the idea were particularly concerned about including a retail centre on site. This would, in their opinion, act as unfair competition for their businesses, other farm shops and town centres.

6.9 The agencies and key stakeholders interviewed were generally supportive of the concept but urged a multi-agency response to the development stages.

Possible Locations

6.10 When asked about the preferred location for a food park in Devon the majority of consultees suggested that it should be located close to a large urban area, in a central location and on a main arterial route.

6.11 If one large site is required, it was suggested that this should be near Exeter. Skypark and any sites close to the M5 were identified as having potential for such infrastructure development. Alternative sites suggested were along the A38, between Exeter and Plymouth, to benefit the already well established 'food and drink cluster' in the South Hams.

6.12 Several people suggested that smaller sites should be created around the county to benefit local businesses, through the provision of incubator units, distribution and retail hub facilities.

Options for Intervention – Food Park Concept

6.13 Four distinct options for a 'food park' development in Devon have been identified as a result of the literature review, analysis of case studies and widespread consultation with the sector and key stakeholders. The options are:

Option 1 – Retail

6.14 This option could either see the development of a large scale shop dedicated to selling food and drink from Devon or a permanent covered farmers' market.

6.15 The retail centre could be based upon Kingsley Village, at Fraddon in Cornwall. It would have outlets available for lease.

6.16 Alternatively, the creation of a network of permanent covered farmers' markets, open five or six days a week, would allow people to do their complete weekly shop in one place.

6.17 Whilst these were both considered to be popular options, there was a certain degree of concern that a new retail outlet would provide unfair competition for town centres, existing farmers' markets and farm shops, such as Darts Farm.

Option 2 – Wholesale

6.18 Some of those people who thought a retail centre for Devon produce would be unfair competition proposed that a network of wholesale 'hubs' should be created.

6.19 These hubs would be of significant benefit to local producers who could deliver to and buy from a local store. The wholesaler would provide a range of Devon produce that restaurants, hotels, schools and businesses could access easily. It would not be open to members of the general public.

Option 3 - Incubation units with cluster and support activities

6.20 This option would see the development of either one hub and/or a series of spokes of incubation units to assist the growth of businesses that are currently working from their homes. The incubation units would be food spec[14] and tenants would have access to dedicated business and technical support.

6.21 A range of facilities could be provided on site including a business support and conference centre and product development and training facilities. However, it would probably be more cost effective to link tenants and other food businesses into facilities and expertise already provided by Duchy College and local FE colleges. In addition, clustering activities could be assisted, including collaborative distribution and/or buying and networking.

6.22 It should be noted that SWRDA are interested in the incubation ‘hub’ and ‘spoke’ approach. This would see the creation of small food spec incubation facilities around the region with dedicated on-hand business support. These spokes could be linked into a research and development facility for the sector at Campden Chorley Wood in Wiltshire. The approach is similar to that being developed in the West Midlands and the SWRDA will commission a study to help identify the best option.

Option 4 - Industrial estate for food and drink businesses

6.23 This, larger scale option, would be see the development of a medium to large industrial estate dedicated solely to Food and Drink producers.

6.24 The park would include purpose built incubation units and a series of larger units for more established businesses. These would be built to food spec[15] to suit business needs from each of the sub-sectors.

6.25 In addition the site would comprise larger plots of land for businesses to design and build units for their specific needs.

6.26 A collection and distribution depot for the major supermarkets could be created on site. This would enable local producers to deliver their produce to a central hub, from which it, along with other produce, is transported collectively to major chain national distribution centre (e.g. Tesco’s distribution centre is in Chepstow). The depot would have a number of different temperature controlled chambers, e.g. below freezing for frozen goods, 0-2^{o}c for fish, 2-5^{o}c for dairy and meat, 12^{o}c for produce and flowers and ambient for other products. The centre would need to provide a picking facility.

6.27 A food ‘cluster’ business park of this nature would need to be developed over a series of phases and individual demand studies would need to be undertaken to test demand for services and facilities.

Recommended Option

6.28 Supporting the development of a food retail (Option 1) or wholesale (Option 2) park would be extremely controversial. Whilst such ventures would have much support from the industry, it is likely that they would be perceived as unfair competition to existing farmers’ markets and shops, like Darts’ Farm and Countryman’s Choice, as well as town centres. Therefore, any move to create a retail centre selling Devon produce should be a commercial project rather than public sector driven. The only way that a local authority could support such a scheme(s) is by encouraging planning applications to come forward as a result of new land allocations and policies in the emerging Local Development Frameworks.

[14] Food spec units generally have wipe down walls and floors and have moveable inner walls. They need to comply with EU hygiene regulations.

6.29 It is therefore deemed appropriate to further develop the most popular option of providing incubator and move-on units (Option 4). However, public sector money should only be used to fund and/or pump prime this model if it demonstrated that it will offer value for money. It is therefore recommended that a further feasibility study is undertaken to provide a detailed financial assessment of this and other models.

6.30 Based upon experience elsewhere, a food park of this nature could comprise approximately six incubator units of about 150 metres^2 and three larger units of 350-450 metres^2. The incubator units would be high specification units designed to comply with modern food hygiene standards, with 100 metres^2 of operational area and 50 metres^2 of office and loading space. In addition, a central business support centre, possibly with product development and training facilities, could be developed onsite. A park of this size would cost approximately £4 million to build.

6.31 If the model is demonstrated as offering value for money a phased approach to development could be undertaken with initial focus placed upon developing a park with incubation and some larger units in a central location. If this proves successful, Devon could develop a 'hub' and 'spoke' model based upon that being developed in the West Midlands.

6.32 Initially a central food park of this nature could be established, possibly in a central location like Skypark. However, based upon the success in attracting tenants to this site, a series of spokes could be developed around the county that link into the central hub. These spokes could potentially be located on the A38, to serve Teignbridge and the South Hams, and along the North Devon Link Road, to serve North Devon and Torridge. The spokes would ideally comprise six incubator units each and could potentially provide storage and loading space for the co-ordination of local distribution networks.

Delivery

6.33 Devon County Council could perform a lead co-ordination role in progressing a 'hub' and 'spoke' model of food specification incubator and grow-on units. A steering group comprising the district councils, SWRDA and South West Food and Drink should be established to oversee progress.

6.34 It is recommended that further feasibility work is commissioned to provide guidance upon:

- Design – particularly relating to kitting out the units to suit a variety of sector and business needs
- Cost and funding – in addition to initial capital costs, it is important that running costs and potential revenue streams are identified. Financial modelling should be undertaken to ensure that the operating costs can be covered without ongoing public sector support
- Tenancy agreements – research to establish methods of avoiding a 'dependency culture' so that businesses are in a position to move out of the units after 3 years.

6.35 It is important that SWRDA are fully engaged in the development stages, not only as it is likely to be a part-funder of the project, but also because it is planning to commission work to test the feasibility of establishing a similar 'hub' and 'spoke' approach across the South West as a whole. Devon is well positioned to play a significant role as a pilot for this approach.

7 CONCLUSION

Introduction

7.1 The purpose of this study was to identify gaps in support infrastructure for the Food and Drink sector in Devon. In addition, the consultants were asked to test the concept of establishing a food park in Devon, identifying specifically what its purpose should be and if there would be demand for such infrastructure.

7.2 This brief has been undertaken through the use of a mixed methodology comprising economic analysis of the sector, a literature review of existing industry specific research as well as consultation with businesses and key stakeholders from the public and private sector.

Summary of Recommendations

7.3 A number of issues and barriers to competitiveness have been identified through the research (see Chapter 5). These, to some extent are already being acted upon or are in the remit of sector based organisations. Devon County Council could play a lead, or support role, in the delivering the following actions:

- **IT take-up, adoption and skills** - Devon County Council in partnership with IMPROVE, South West Food and Drink and the local FE colleges should establish a project, similar to Broadband4Devon, to encourage and assist Food and Drink sector businesses to adopt and utilise ICT.
- **A Devon Brand** - Devon County Council is progressing the development of a Devon brand. A brand is currently being piloted by a food producer in a national supermarket chain. It is important that the Devon brand is developed to fit in with the South West brand and the existing district promotion work.
- **Assisting small businesses** - It is recommended that Devon County Council play a role in establishing a capacity building project in the rural areas of the county to:
  - Assist the creation and development of distribution networks
  - Provide advice and signposting to people looking to start adding value to produce
  - Support the North Devon Marketing Bureau in promoting local produce.
- **Procurement** - Devon County Council should encourage members of the Devon Procurement Partnership to source local food and drink wherever possible. Training should be provided to suppliers to help them improve their selling skills, customer relations and IT literacy. In addition, the Devon Procurement Service should continue to work with schools to encourage the take-up of local produce through the development of menus and signposting to appropriate suppliers.

IT take-up, adoption and skills - Devon County Council in partnership with IMPROVE, South West Food and Drink and the local FE colleges should establish a project, similar to Broadband4Devon, to encourage and assist Food and Drink sector businesses to adopt and utilise ICT.

Food Park

7.4 Four models for developing a food park were considered as part of this study. These were:

- 1. A retail park
- 2. A wholesale centre for businesses
- 3. An incubation centre

- 4. An industrial estate for food and drink businesses.

7.5 Overall there was little support for public sector investment in this type of development. The one model that received the most support was establishing an incubation centre. However, public sector money should only be used to fund and/or pump prime this model if it demonstrated that it will offer value for money. It is therefore recommended that a further feasibility study is undertaken to provide a detailed financial assessment of this and other models.

7.6 If the model is demonstrated as offering value for money a phased approach to development could be undertaken with initial focus placed upon developing a park with incubation and some larger units in a central location. If this proves successful, Devon could develop a 'hub' and 'spoke' model based upon that being developed in the West Midlands.

7.7 Devon County Council could provide a co-ordination role in developing the food park model further in partnership with the district councils. It is also important that SWRDA are involved from an early stage in order to ensure that any developments in Devon dovetail with a hub and spoke model that could potentially be established on a region-wide basis. Devon is well positioned to play a 'significant' role as a pilot that could subsequently be established on a region-wide basis.

APPENDIX 1
Consultees

The Consultation

Businesses

Business	Town	Produce/specialism	Employees
Quickes Traditional Ltd	Exeter	Dairy	35
Devon Meat Company	Totnes	Meat	3
Combe Estate	Honiton	Meat	0.5
Tor to Tor Delivery	Dartmoor	Meat	2
Otter Brewery	Honiton	Drink	23
Rod & Bens Food From the Soil	Exeter	Meat/Vegetables	10
Riverford Organic Vegetables	Buckfastleigh	Vegetables	300
Fresha Limited	Exeter	Café/Catering	15
Devon Natural Food Company Limited	London	Developer	3
The Local Food Company	Modbury	Bakery	3
Moby Nick's	Plymouth	Fish	8
Langage Farm Dairy Products	Plymouth	Dairy	15
Cranfield's Foods Ltd.	Barnstaple	Preserves/jams	2.5
Higher Hacknell Farm	Umberleigh	Organic meat	6.5
Westcountry King Ltd.	Exeter	fruit and veg	18
Mrs Gills Country Cakes	Tiverton	cakes	1.5
Curworthy Cheese	Okehampton	cheese	3
Devonia Natural Springwater	Totnes	drink	3
Devon Rose	Seaton	meat	10
Heron Valley Organic Juices and Cider	Kingsbridge	drink	8
Paramount 21	Newton Abbot	fish	46
Vivian's Honey Farm	Hatherleigh	honey	2.5
Dartington Foods	Ivybridge	fine foods	70
Red Earth Deli	Kingsbridge	deli	3
Yeo Valley Organic Company	Newton Abbot	dairy	
Turton Quality Foods	Newton Abbot	Meat	55
Tavistock Farm Fresh	Tavistock	Meat/veg	2
Eastmore Foods	Exeter	Meat/fish/desserts	
Brimpts Farm	Dartmoor	Meat	2
Lisa's Pantry	Torquay	Deli	2
Heal Farm	Kings Nympton	Meat/desserts	9
Otter Vale Products	Budleigh Salterton	Chutneys/jellies	2

Procurement Officers

Name	Organisation
Mike Seymoor	Tesco
Graham Cassie	Waitrose
Simon Richardson	Devon County Council

Local and Regional Stakeholders

Name	Organisation
Cllr Humphrey Temperley	Devon County Council
Cllr Gordon Hook	Devon County Council
Dawn Neale	South West Food and Drink Skills Network
Christine Marshall	South West Food and Drink
John Sheaves	Taste of the West
Jane Birch	Somerset Foodlinks/Source
John Lee	South West Sustainable Farming and Food and SWREG
Mike Johns	SWRDA
Richard Shepherd	University of Plymouth
Kathryn Edwards	Rafael
Jonathan Smye	Regional Food in Schools Adviser
Tracey Lewis	Organic South West
Helen Ashcroft	Meat South West
Nathan De Rosarieux	Cornwall Seafish
Tony Skeele	Learning and Skills Council
Gillian Collins	SW CORE
Denise Blackmore	SWRDA
Gina Woodcraft	Cartwheel
Matt Parkin/Liz Abell	Devon Renaissance
Don Adams	Business Link
Jen Anderton	Devon Rural Network

District Councils

Name	Organisation
Tim Beavon	West Devon Borough Council
Carol Trant/Michael Cozens	South Hams District Council
Sean Kearney	Torridge District Council
Charlie Plowden	East Devon District Council
Allie Clark	Teignbridge District Council
Ellen Vernon	North Devon District Council
Chris Firth	Mid Devon District Council

APPENDIX 2
Questionnaire

Questionnaire for Food and Drink Businesses

NAME OF BUSINESS:

CONTACT NAME:

1. Please can you outline your range of products?
2. Can I confirm that your location?
3. How many people do you employ (employees and managers)?
4. Who are your main customers?

    a. Local independent
    b. Regional chains
    c. Major multiples
    d. Wholesale
    e. Food service/catering
    f. Local authority/government
    g. Directly to customer
    h. Other producers
    i. Other

5. Do you plan to grow your business over the next five years?
6. What, if any, factors are affecting the growth or competitiveness of:

    a. Your business – e.g. premises, distribution, accessing new markets, procurement etc.
    b. The sector as a whole?

7. Do you use ICT in your day to day business activities?
8. Have you used any business support or workforce development initiatives?
9. Are you satisfied with the range of business support and workforce training that is currently available – which support do you use?
10. Would you be willing to pay for any or all of the following services:

    a. Product development facilities
    b. Technical support – what?
    c. Training – what?
    d. Collaborative buying
    e. Collaborative distribution
    f. Business support – what types?
    g. Business incubation units – what size, where?

11. Do you think there is a need or demand for such services among other food companies in Devon? If so which service/s?
12. Do you think that a food park should be created in Devon?
13. If a food park or parks were developed in Devon what do you think should be its purpose and what facilities should be provided? E.g. retail, manufacturing, small business units etc.
14. Would you be interested in relocating to such a site if it was developed? If so, what size unit or plot of land would you require?
15. Where do you think such a food park/s should be located?

APPENDIX 3

Case Studies

Kingsley Village

Background

7.1 Kingsley Village is a 3716m^2 outlet for Cornish food and craft produce that opened in November 2005. The aim of the outlet was to provide a "Fortnum and Mason or Harvey Nichols of Cornwall,"[16] a place that would showcase Cornish food and craft produce.

7.2 The facilities provided by the outlet include:

- Craft Hall - 2136.7m^2 area where Cornish arts and crafts are sold. There is provision for artists to promote their goods through work station demonstrations.
- Such Gallery - 371.6m^2 gallery displaying and selling Cornish artwork.
- Food Hall - 650m^2 delicatessen style food outlet that includes a butcher, bakery, fishmonger, delicatessen, greengrocer and a range of wine and beer. Goods are mainly sourced from Cornish producers.
- Palate Café/Restaurant – by day the café is set in a self-service style format and can seat 172 people. By night the restaurant is set for table service and remains open later than the rest of the village to accommodate evening diners.
- Surf Centre – Europe's largest surf shop which is also dedicated to promoting issues such as 'Surfers Against Sewage.'
- Kingsley Suite and Blue Room – two conference rooms which combined can provide for 200 delegates and are equipped with overhead projector, multimedia projector, wall mounted screen, telephone and internet access.
- Conference Centre – comprises three offices that are arranged with a multimedia display and are available for hire.
- Exhibition Hall - 557m^2 area capable of accommodating 200 delegates ideal for conferences and other corporate events.

Palate Café and Deli, Source: www.eatoutcornwall.com

7.3 The village is open from 9am to 6pm Monday to Friday and 10:30am to 4:30pm on Sunday. It is located in Fraddon with good access from the A30. It aims to attract four main market groups:

- Leisure day-trip and tourist visitors

[16] John Marshall, Project Manager quoted from article available at: http://www.cornwall24.co.uk/Article335.htm

- Impulse business and leisure travelers
- Going home from work commuters
- Local food shoppers wanting something special.[17]

Impact

7.4 Kingsley Village has provided an important outlet for Cornish artists and food producers, giving them a large, modern outlet for their products. The Kingsley Village website states that: "We are happy to support companies investing in Cornwall and employing Cornish staff, and companies outside of the county with a Cornish interest." The outlet already has more than 50 Cornish food suppliers and more than 100 craft suppliers.

7.5 As a result the village is projected to boost the Cornish economy by £4 million and provide 86 FTE jobs in the first three years of opening.

7.6 With funding from EAGGF and DEFRA it was anticipated that the village would especially assist Cornish farmers in providing a year-round outlet for their produce. Evidence of the success of this endeavour is already apparent as is explained by *Cornwall Food Magazine* in January 2006: "one farmer who now supplies Kittow's the butcher at Kingsley was about to cease production but is now able to carry on his business because of the regular orders he is now receiving."[18]

7.7 Palate Café and restaurant endorse the policy to source produce locally and locate the majority of their ingredients from the food hall. This demonstrates the shared risk and motivation model that the village was based on.

Capital Costs and Funding

7.8 Kingsley Village was the final phase of the Kingsley Group's mixed commercial development at Penhale. The family run business gained support from the Cornwall Agricultural Council Development Team, Government Office for the South West and the Department for Environment Food and Rural Affairs (DEFRA) as they completed their application for Objective One funding.

7.9 The centre took 12 months to build and cost approximately £4 million to complete. £1.3 million of this was funded half by DEFRA and half by the Objective One European Agricultural Guidance and Guarantees Fund. The Kingsley Group contributed the balance of approximately £2.7 million.

7.10 The project was led by John Marshall of the Kingsley Group, therefore the implementation and monitoring of the project was the responsibility of directors from the Kingsley group. The group have provided a general manager to manage the facility post construction.

Lakeland Food Park

Background

7.11 Lakeland Food Park is part of the Plumgarth's Local Sourcing Hub initiative established by the Geldard family as an off-farm diversification enterprise. The Geldard family own a 500 acre farm in Kendal, Cumbria. In response to a demand for locally produced food they took advantage of funding from the DEFRA Rural Enterprise Scheme's European Rural Development Fund in order to convert redundant farm buildings into a Farm Shop and Lakeland Food Park.

[17] Objective One Media Release available at: http://www.objectiveone.com/client/media/media-410.htm
[18] Available online at: http://www.food-mag.co.uk

7.12 The Food Park provides eight small purpose built food processing units, three of which are rented to independent businesses, and one of which is a cutting plant. The food production units are of a very high quality having been built with the intention of attracting business start-ups. Plumgarth's Farm Shop provides the 'shop window' for local produce and is also located in converted farm buildings on the Geldard's farm.

Plumgarths Food Shop, Source: www.stackyard.com[19]

7.13 Plumgarths' ASDA Local Sourcing Initiative provides local producers with a direct link to market. The initiative was designed to reconnect the food chain, in answer to the growing demand from consumers for traceable food sources following the BSE scare. Over 80 products are supplied through the initiative to 12 ASDA stores in the North West, by 25 local suppliers. Plumgarths offer marketing and technical support to these suppliers on an ad lib basis.

7.14 As well as firm links with ASDA, Plumgarths has diversified further and formed links with hotels, restaurants and educational establishments throughout the North West, delivering local produce via their Food Service business.

7.15 Plumgarths have also begun a similar venture in the leisure industry called Plumgarths Center Parcs Local Sourcing Initiative. This has provided a route into the leisure market for 12 small scale local suppliers, who now supply the Cumbrian Centre Parc's restaurant and supermarket.

Impact

7.16 Two of the three independent businesses occupying business units were start-up companies, and the third was very much in its infancy. Plumgarths own businesses (including a sausage business and bakery) were also start-ups. All companies have been successful and have remained on site. One independent company is looking to move on in order to expand.

7.17 Plumgarths Local Sourcing Hub was predicted to provide 24 new jobs by the end of their third year. In fact they managed to provide 30 new jobs by the end of year two and currently, after five years, the figure has reached approximately 30 full and 20 part time jobs. There is one apprentice working for Plumgarths at present.

7.18 The projected turnover by the end of year six was £5 million, Plumgarths are on target to reach this figure and had boosted the local economy by £500,000 by their third year, in 2004.

[19] Source: http://www.plumgarths.co.uk/aboutus/whereweare.htm

7.19 The success of the local produce in ASDA stores is demonstrated by the fact that Plumgarths Cumberland sausages have reliably retained the highest percentage of sausage sales on a store by store basis.

7.20 The success of the Plumgarth brand and the relationship they have built with ASDA has led the supermarket's local sourcing team to develop similar ventures in other regions of the country. It has also led to approaches from other sub sector businesses wishing to utilise locally sourced food.

Capital Costs and Funding

7.21 The initial conversion of the farm buildings into a farm shop and food park cost £457,000. 50% of this was granted by the Rural Development Fund. 80% of this went towards marketing and promotion, 20% went towards building work.

7.22 Plumgarths have received further non-financial assistance as members of Made in Cumbria. This is an initiative led by Cumbria County Council that offers a sector specific range of business support, sales opportunities and marketing information, in order to promote sales of locally produced crafts, gifts and foods.

7.23 The English Beef and Lamb Executive (funded by a levy paid to the Meat and Livestock Commission on all sheep and cattle slaughtered in England) have also offered further assistance financially in the form of a £27,000 grant to develop quality standard of beef and lamb markets in both retail and catering outlets.

Lessons Learnt

7.24 John Geldard, the owner/manager of Plumgarths Food Shop and Lakeland Food Park considers his venture to be a complete success. The food park and farm shop were products of the need to diversify his farming business after the BSE scare, which saw the beginnings of a new consumer demand for traceable food stuffs.

7.25 John emphasised that Plumgarths undertook considerable research before diversifying and that this was a key factor in the farm shop and food park's success. He stressed that the location of Plumgarths has been very important. The farm is on the main trunk road to the Lake District, and has meant that the farm shop is in a prominent position for customers and has made transportation of goods relatively easy.

Cross Hands Food Park

Background

7.26 Cross Hands Food Park is located in the rural west Wales county of Carmarthenshire and has been marketed as a centre of excellence for food technology, as such it is the first of its kind in Wales. The 50 acre park has a prime location within two minutes of the M4, which gives links to England; it is also in close proximity to the railway line that gives links to London, Cardiff and the Irish ports via Swansea, Fishguard and Pembroke. Cardiff International airport is also within easy reach of the food park.

7.27 The food park is an important investment for Wales' rural economy aimed at attracting inward investment and providing opportunities for local companies. It is also hoped that the project will create sustainable jobs in an Objective One designated region that has a high unemployment rate.

7.28 Initially money was invested by the County Council and the Welsh Development Agency in order to create the infrastructure of the site. Food industry businesses have been attracted to build on the site, with plots of three acres and more on offer for £60,000 per acre.

7.29 EU Objective One funding has secured the development of eight incubator units, with a total floor space of 3,000m^2, with the aim of attracting local food sector businesses. These units have been built to food production grade standards and offer a choice of four 232m^2 units and four 464.5m^2 units with corresponding mezzanine floor storage and office facilities. The annual rent for these units is set at £8,250 and £15,000 respectively. Lease terms are flexible to allow tenants to come and go easily. The units are ready to be fitted out to the specifications of individual companies

Cross Hands Food Park, Source: www.carmarthenshire.gov.uk

7.30 Support services are available for businesses that move into the new incubator units. These are provided by Carmarthenshire County Council in the form of an Account Manager who assists the businesses as they relocate to Cross Hands and then expand. The Account Manager’s services are free of charge and also cover guidance in recruiting and training appropriate staff.

7.31 Businesses will not be encouraged to expand and move out of the incubator units, however, their development through natural growth will be supported by the Account Management Service. The County Council are considering options to develop a second complex of business units.

7.32 The Food Park is managed as a joint venture agreement is in place between Carmarthenshire County Council and the Welsh Assembly Government. All aspects of the development, promotion and maintenance of the park are dealt with at bi-monthly joint venture meetings.

Impact

7.33 The first company to be attracted to Cross Hands Food Park was Dawn Pac, a large meat packaging company which had previously occupied a facility close to the food park which perished in a fire. The company was encouraged to stay in Carmarthenshire by the County Council, and now occupies an 18,580m^2 food processing facility on Cross Hands Food Park. Since the new facility has been operational Dawn Pac has increased the number of their employees in Carmarthenshire from 180 to 700 (at peak times).

7.34 The most recent large company to show interest in the food park was Castell Howell Foods, a multi million pound company that produces catering products. Castell Howell Foods are building a 4645m^2 distribution unit at the site which it is anticipated will create approximately 220 jobs by 2009.

7.35 There are currently no training opportunities provided for those who wish to enter the food and drink industry, however, Carmarthenshire County Council recognize this shortfall and discussions are currently underway to address the issue.

7.36 At present, there are several meat processors, a condiment processor and a fish processor showing interest in moving onto the Food Park.

7.37 The incubator units have attracted a start-up specialist packaging company, Gower View Foods. They received assistance from the County Council in securing an Assembly Investment Grant and have gone from strength to strength, securing a contract with Rachels Organics, another Welsh company based in Aberystwyth. They are also in discussions with Fayrefield Foods which is the largest independent dairy company in the UK.

7.38 A further five incubator units are let and are being prepared ready to be occupied by a mix of start-up and existing firms looking to move to the area or expand from premises already in the County. The County Council is expecting to let a further unit in the near future, which will leave only one unit not leased.

7.39 The above examples demonstrate that Cross Hands Food Park is creating a cluster of food businesses that are already interacting with each other and are not only creating local job prospects but also opportunities for other Welsh food businesses.

Capital Costs and Funding

7.40 Initially the Welsh Development Agency and Carmarthenshire County Council invested £4 million pounds on developing the site. With funding from the Objective One European Rural Development Fund, they then contributed a further £10 million to the development of the site. A large proportion of this money went towards creating a sustainable infrastructure on the development site. For example a new road network was created at a cost of approximately £1.4 million. In addition, water and waste water treatment facilities were installed and the site was connected to gas and electricity services.

7.41 The incubator units, formally opened this March, cost £2.74 million to complete. They were built principally by Dean and Dyball and designed by architect Powell Dobson.

7.42 Dawn Pac invested £32 million in their new facility on the food park. Castel Howells Foods have invested £4.4 million in their new development.

7.43 There are three funding incentives that are being used to entice businesses onto Cross Hands Food Park. As a Tier One Assisted Area, businesses in Carmarthenshire and the Swansea Bay area are eligible for the Regional Selective Assistance and Assembly Investment Grants. Both grants are funded by the Welsh Assembly Government and are for investment projects that will, among other criteria, create sustainable jobs. There is also a Processing and Marketing Grant, available through funding from the EC and Welsh Assembly Government, suitable for processors and farmers wanting to add more value to their produce.

7.44 Approximately 1000 new jobs will have been created by July 2007. Funding for these jobs has been provided by a 'portfolio mix' of funding such as corporate finance, personal monies, conventional debts and Government grants.

Bradford Food Technology Park

Background

7.45 The City of Bradford Metropolitan District Council has secured European Regional Development Funding in order to develop brownfield sites and create local employment opportunities. The region has identified that they have a strong food and drink sector, with a particular focus on ethnic foods, but a weak infrastructure to allow companies to remain competitive.

7.46 In order to align with the Regional Economic Strategy's focus on increasing the competitiveness of businesses involved in key, high growth industrial sectors, the Council proposed a Food Technology Park based on a brownfield site located in Ripley Street, Bradford. The success of the food grade business units at Barker

Business Park in Ripon was also taken as evidence of the need for food and drink sector support in the region.

7.47 The derelict site is contiguous with a main railway that serves Bradford and is one and half miles from the city of Bradford. There is a large market for food and drink products in Bradford.

The Proposed Bradford Food Technology Park, Source: City of Bradford Metropolitan District Council

7.48 This proposal has won further funding from Yorkshire Forward through their Sub Regional Action Planning process which allows finance for redevelopment of Brownfield sites for employment purposes.

7.49 The proposed development includes six 150m^2 incubator units which will be suitable for start-up companies; five larger 500m^2 units for established businesses; a further plot owned by the Council will provide space for larger units that will be created on a design and build basis; a plot for a private developer to develop three units, also on a design and build basis, that will be up to 2000m^2.

7.50 A central reception and administration block will include meeting and conference rooms, a development kitchen or food testing lab and a small café for tenants of the business units.

7.51 Incubator units will be available on flexible tenancies and the larger units will be offered on leasehold or freehold. The development is over four plots of land and will be undertaken in three phases: Site reclamation, construction of incubator units and administrative block and then construction of the larger units.

7.52 It is intended that start up businesses will begin in the incubator units and move on to the larger units within three years of business. However, the larger units will not be kept vacant solely for this purpose if interest is shown from businesses other than those in the incubator units.

7.53 The Council will provide a high level of business support to the new start up businesses via Business Link for West Yorkshire, the Chamber of Commerce and funding initiatives such as the Local Enterprise Growth Initiative programme.

7.54 Planning permission has been secured for the development and site reclamation has begun. The Council is currently in negotiations with a private developer in order to begin the build. The private developer has recently completed construction of the larger units which are each 1400+m^2.

Impact

7.55 It is anticipated that construction of the food park will create up to ten jobs. After completion, the businesses housed in the incubator units should provide jobs for 15 to 20 staff. As many as 130 jobs are expected to be created by the rest of the development.

7.56 The Council is working with Jobs@, Links 2 Bradford Trident and Regen 2000 to ensure that new jobs created by the food park are filled by Bradford residents.

7.57 To date, the Council has only undertaken a soft marketing approach for the food park. In spite of this, 20 companies have already registered interest in the project through the Council's Department of Regeneration. Two or three companies are ready to begin negotiations with the developer for the design and build space.

Capital Costs and Funding

7.58 Originally, funding from the ERDF of £1.4 million and £1.5 million from Yorkshire Forward was secured for a total project cost of £4 million, with the Council funding the £1.1 million balance. Unfortunately, delays have meant that the Council has not been able to access the full ERDF funding and with a total spend of £1,623,380 to date, only £569,234 has been received from the ERDF.

7.59 Funding from the ERDF, Yorkshire Forward and the Council will go towards site reclamation, constructing the incubator units and management suite. It is expected that the incubator units and central management suite will cost £2.2 million to construct.

7.60 The Council is looking to form a Development Agreement with a private developer who will be financially responsible for developing the rest of the site. Ultimately the developer will not only develop the incubator units and management suite, but will manage the complete site after construction, and be responsible for any further capital needed for the project.

7.61 While the Council will not be required to make any further capital investment once the site is complete, they will retain a strategic input to guarantee that the park delivers its regeneration and economic development objectives. There will be Council led steering group which will provide support to prospective businesses wishing to move onto the park.

7.62 The Council will also plough any profit it makes through the scheme back into providing business support for the companies attracted to the park.

7.63 Local Enterprise Growth Initiative funding has been secured and will be used to help fund employment opportunities within start-up businesses moving onto the site. The Council will also provide a staff search service for new businesses on the park.

7.64 Links are being forged with Bradford College and the Thomas Danby College who have departments with interest in the food and drink sector. The hope is that training opportunities will be provided for those wishing to enter the food and drink industry.

Lessons Learnt

7.65 The Council has had problems in purchasing the plot of land that is to become the site of the larger design and build business units. Without this land the Council would have had to limit the food park to the incubator units and a further plot of land for larger units. It was considered that a scheme on such a small scale would not have the capacity to provide the economic development impact desired beyond the local level.

7.66 A private developer were able to provide the capital needed to buy the plot of land in question and the Council have been able to enter into discussions with them to investigate the possibility of adding their plot of land to the food park scheme. This will create a much larger cluster which, it is hoped, will have an economic impact on the food and drink sector on a sub regional and regional scale.

7.67 The Council has acknowledged that the "larger Food Technology Park proposals could not be achieved other than through the proposed partnership arrangement with … [the private developer]."[20]

7.68 There have been a couple of unforeseen problems in reclaiming the brownfield site the park will be built on. The site was infested with Japanese Knotweed and its removal has delayed the project by nine months and cost a further £500,000 (to fund the reinstallation of new sewage works.

Barker Business Park

Background

7.69 Yorkshire Forward carried out detailed mapping and demand studies to research the food and drink sector in Yorkshire and Humber. They found that small and medium sized food industry businesses that operate from home or on agricultural premises, lack the relevant facilities they require to grow. They found that the cost of food-grade production units was a major barrier to the growth of small enterprises.

7.70 In response to this, Yorkshire Forward, in partnership with the private developer, Barker Business Park Ltd, spearheaded the creation of six food-grade business units on an established business park in Ripon, North Yorkshire. A further phase of development saw the creation of five larger food-grade units at the site.

7.71 The six incubator units are each $139m^2$ and have been built with the intention of encouraging start-up food sector businesses in the region. They include $93m^2$ of operational space and $46m^2$ of office and goods-in, goods-out space. The incubator units are intended solely for business start ups who are obliged to move out within three years. This obligation is written into their tenancy agreement.

7.72 The larger units are between $278.8m^2$ and $464.5m^2$. To date, 12 start up businesses have begun in the incubator units (there are currently a further 2 prospective new businesses). Five of these have moved on to the larger units, the others have moved to larger premises elsewhere, usually to be closer to their clientele.

7.73 Yorkshire Forward is currently discussing the idea of creating a third phase of development which would provide larger units to continue the progression of growth.

7.74 Originally the developer created a Support Suite which offered support through a private consultancy company not only to businesses on the park but also to other food sector businesses in the region. A food business that started life in one of the incubator units expanded and took over the Support Suite. This company now operates from these premises and runs the canteen which services the whole of the business park.

7.75 Technical and business support is offered by Ripon City Partnership through Business Link and other public and private sector bodies such as TEAM Food which offers training support and is funded by Yorkshire Forward; The Food Technology Advisory Service, which also receives funding from Yorkshire Forward but does operate as a commercial business; and the Regional Food and Drink Group, which is a membership led organisation which supports the growth of food

[20] City of Bradford Metropolitan District Council. *Report of the Regeneration and Housing Director to the meeting of the Executive to be held on 19th September 2006. Subject: Bradford Food Technology Park.* Available at: http://councilminutes.bradford.gov.uk/Minutes/docs/2007SON/EXEC19SEPTREPAC.PDF

and drink business. A link with Harrogate College has been forged in order to supply training support.

7.76 Barker Business Park Ltd has built, marketed, and now manages the units. Yorkshire Forward has a good working relationship with this private developer. While the developer manages tenancy of the business units, Yorkshire Forward have clauses written into the tenancy agreements stipulating that businesses in the incubator units must be start-ups and are obliged to move out of the units within three years.

Impact

7.77 By the launch of the units, five of the six units were already due to be occupied by the following types of food sector businesses: a herb producer, local produce supplier, meat and vegetarian pie producer, sausage producer and an Indian meal producer. One month after their completion, all the units were occupied.

7.78 In three years twelve new businesses have been created by the incubator units, all except one has been successful. The reason that this business did not survive was due to the fact that it incorporated three different ventures in one, stretching resources too far.

7.79 Over 78 new jobs have been created. This number does not include the jobs created by the expanding businesses that have grown out of the incubator units and moved off the site.

Capital Costs and Funding

7.80 Yorkshire Forward funded the food grade requirements of the business units. £300,000 in funding went towards Phase One's incubator units. Eventually the cost of creating these units came to £60,000, rather than the projected £50,000. The developer absorbed this deficit, which has been reflected in slightly higher rental prices.

7.81 The second phase was funded by £500,000 from Yorkshire Forward. Further funding from Yorkshire Forward has gone towards infrastructure, bringing the total funding from Yorkshire Forward to £1.2 million. The Developer has matched, and probably spent more than, the total funding supplied by Yorkshire Forward. The total project costs are therefore approximately £2.4 million.

7.82 Rental prices charged by the developer do not include the cost of the creation of the food grade parts of the units funded by Yorkshire Forward. This allows reduced rental rates for start-ups.

Lessons Learnt

7.83 Yorkshire Forward has expended a considerable amount of time in researching the food and drink sector. They meet with other RDAs to discuss what can be done for the sector. They consider food parks to only be a small, however significant, part of the services that are needed to grow the sector[21]. They provide many other support structures from training and technical support to business and marketing support.

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[21] Other services provided include:

- TEAM Food – offers support to food manufacturing businesses and schools in the form of training resources and general support and advice;
- The Regional Food Group for Yorkshire and Humber – offers businesses a membership package to three different sub-sectors: Producer, Retailer and Hospitality and Accredited Supplier. Membership benefits include committed help, advice and expertise in marketing, business support, skills development and networking events.

7.84 While the working relationship with the private developer is now good, Yorkshire Forward did experience difficulties in the earlier stages of negotiations. They believe that other food park ventures they have been involved in where the land has been the property of the local authority have proceeded more smoothly.

Southglade Food Park

Background

7.85 The East Midlands Food and Drink Forum is a membership led not-for-profit organisation that promotes and supports the food and drink sector. After establishing a significant need from their members for high-grade food manufacturing units the Forum fore fronted the Southglade Food Park project.

7.86 Southglade is located ten minutes from junction 36 of the M1 and one mile from Nottingham City Centre. The development site was a previous landfill site.

Southglade Food Park, Source: www.nottinghamcity.gov.uk

7.87 Having opened in July 2005, the park offers two incubator units each of 74.5m^2 with two allocated parking spaces; four hatchery units of 179.5m^2 with four allocated parking places and four nursery units of 433m^2 with eight allocated parking spaces.

7.88 Each unit includes a ground floor production area, mezzanine office and plant platform. The varying sizes of unit are intended to create a ladder of growth for small and medium sized enterprises. Annual rental charges are £7,000 for an incubator unit, £14,500 for a hatchery unit, £29,000 for a nursery unit. There is a service charge of £1 per square metre.

7.89 There is a Business Support Centre which includes the following services for both businesses on and off site:

- Product Development Kitchen, which can be hired on a daily basis by tenants for £100 per day; by Forum members for £200 per day and for £450 per day for non-members. Domestic Support Staff can be hired to work in the Product Development Kitchen and cost £10 per hour for tenants, £15 per hour for Forum Members and £30 per hour for non-members. Rapid microbiological testing swabs cost £2 per swab and the use of nutritional analysis software costs tenants and Forum members £5 per recipe, and non-members £10 per recipe.
- Food Technical Manager, whose services can be utilised by tenants for £225 per day, by Forum members for £400 per day and non-members £475 per day.

- The Food Technology Advisory Service – food technologists work in food producing companies to provide HACCP, Process development and control, formal accreditation, trouble shooting, product development and food labelling advice and services.
- Food Chain – Centre of Industrial Collaboration (CIC) – Offers a range of services including technical solutions, partnership programmes, technical consultancy, funding application support and graduate and post graduate training.

- Business Development Manager who is experienced in the food and drink sector and available for support to guide businesses as they establish and expand.
- Personal computer and internet access.
- Four meeting rooms with catering services, the three smaller rooms can facilitate up to ten people in a boardroom layout and the larger room can take 32 people in a theatre layout.
- High quality printer and copier, available for businesses to print marketing and technical material.
- Links with New College Nottingham and other further and higher education establishments who are able to provide a pool of trained food industry students and graduates, and also expertise for research and development,
- Regular events, workshops and training opportunities, for example the CIEH Certificate in Food Hygiene and the CIEH Principles of COSHH.

7.90 It is ensured that prospective businesses have a strong business plan before moving onto the food park. This business plan has to fulfill certain criteria to be acceptable. One of these criteria is that the business has plans to grow and will be able to move to the next size of unit within three years of business.

Impact

7.91 Since opening in 2005 Southglade has tenants in all but one incubator unit. One of the nursery unit tenants, Pasta Solutions, saw trade rise from £250 to £100,000 per month within six months of moving onto the food park. Start Fresh, a fresh food specialist, have also occupied a nursery unit, both companies ultimately plan to expand to the point where they can move into larger premises off the food park.

7.92 Start Fresh and Pasta Solutions have occupied two nursery units each, knocking through to create one larger unit. They are under an obligation to leave the units as they were initially built when they move on from the food park.

7.93 Other businesses to occupy units on the food park include two bakeries, a catering company, ice cream manufacturers and a sandwich manufacturer. Five of the seven businesses to have moved on site have been start ups. Two businesses have moved from incubator to hatchery units already.

7.94 The sandwich manufacturer has been able to diversify since being on the park, by gaining the appropriate accreditation in order to also distribute its products.

7.95 The food park has attracted interest from Malaysia, who sent a group of delegates to visit the park in order to use it as a blueprint for a similar project that will support up to 70 small and medium sized food and drink sector businesses.

7.96 Up to 170 new jobs were expected to be created by the food park which is located in an area of high unemployment. At present, approximately 50 new jobs have been secured.

7.97 Links with all the universities and colleges in the area have been forged. Each link is individual and provides business for those establishments with technology units and training opportunities for students wishing to enter the food and drink sector and also those seeking enterprise training. These links have been created through the Food and Drink Forum. The park also takes school groups from years nine, ten and eleven for food technology training days.

7.98 One of the businesses on the park has gained first refusal on an adjacent plot of land in order to build a larger factory in the next four to five years. The Council is also looking to buy land from nearby Gala Bingo, which will also be used as grow-on space for the food park.

Capital Costs and Funding

7.99 Nottingham City Council provided the land for the project, while funding came from the East Midlands Development Agency (in affiliation with the Greater Nottingham Partnership) and the European Regional Development Fund (ERDF). The overall cost of the project was £4.7 million; £2.8 million of this was granted by the East Midlands Development Agency and £1.9 million by the ERDF.

7.100 The business units cost approximately £118.36 per square metre to construct. £100,000 of the overall costs were invested in the product development kitchen.

7.101 Nottingham City Council continue to manage the lettings of the business units, while the Food and Drink Forum manage and provide the services of the Business Support Centre. EU funding was secured for three years to run the Business Support Centre with a view to creating and securing new jobs in the region.

Lessons Learnt

7.102 The Business Support Centre which provides support to all sectors, both on and off the business park is considered to be the most well used part of the food park. The meeting rooms have also been well utilized by businesses both on and off the food park. For an unknown reason the food development kitchen has not been well used and is considered the weakest part of the food park.

7.103 While the business support facilities have been a very important part of the park, the majority the demand for the units has been due to a need for food grade units which enable producers to gain the accreditation they need to distribute to larger buyers.

7.104 A day or half day programme has been developed to individual requirements for other organisations interested in creating a food park. These events cost £500 a day and allow organisations more of an insight into what has been successful and what would have been done differently at Southglade in hindsight.

Advantage West Midlands Hub and Spoke Model

7.105 Food and drink is a key sector in the West Midlands, employing some 59,400 workers (2.3% of all jobs in the region) in 2,600 businesses.

7.106 A Generic Feasibility Study carried out in 2002 identified a strong need for the development of food and drink parks in the West Midlands. The study included an analysis of the food and drink sector in the region and an estimate of demand for a food park. The results of this research indicated that food and drink businesses in the West Midlands perceived barriers to business growth to be related to size and grade of premises, lack of skilled workers and business advice. The study also deduced that there was a need for flexibility in developing food parks, due to the geographic and sub sector specialisms within the region’s food and drink sector.

7.107 It was revealed that rural food and drink businesses have very different demands to urban businesses. For example businesses in rural areas demonstrated an overriding demand for smaller premises compared to those in urban areas. A large sub sector specialism identified was that of ethnic food producers, whose needs were very specific. In order to overcome barriers to business growth, and accommodate the different geographic and sub-sector needs, the study surmised that a “technopole” or “hub and spoke” model should be adopted in the development of food parks in the region.

7.108 This is where there is a physical or virtual “hub”, which provides links for a series of smaller “spoke” sites. This would allow the creation of specialist spoke sites to accommodate sub sector specialisms, such as rural diversifications, encouraging clusters and allowing a broader area of infrastructure support for the region’s food and drink industry. This model was favoured over the incubator unit approach which would have only provided localised cluster development.

7.109 In response to the study, and a recent decline in food sector employee numbers, Advantage West Midlands has developed a strategy for developing the sector. The vision of the strategy states that 'we will develop a distinctive focus on sustainable and higher value-added production, consumption and markets which will also protect and enhance the environment and countryside'. Central to achieving this vision are a series of actions, including improving supply chains, direct selling and distribution, promoting regional and local food, developing support infrastructure and developing cluster skills.

7.110 One of the key activities outlined in the strategy is the development of a network of regional incubation units centered around Shropshire Food Enterprise Park. The aim of the project is to create 'food ready' incubation facilities at strategic locations around the region. These will be developed because there are few 'food ready' units available in the region, and start-up costs for new businesses are very high due to the need for special surfaces and facilities.

7.111 To date, the 'hub' has been established in Shrewsbury. This provides six 1,500 ft^2 incubator units and six 3,000 ft^2 grow-on units. These have been built at a total cost of £4.6 million, at a cost of £130 per $metre^2$ (including fit-out). Each unit complies with food legislation and has achieved BREEAM 'very good' status. Hands on advice and training is provided on site. In addition, a Food Enterprise Centre has been developed, incorporating a central reception area, offices, training rooms, meeting rooms and a café. The Enterprise Centre and adjoining units will cover a total area of 28,000 ft^2.

7.112 Other 'spoke' sites are being considered at Leominster in Herefordshire, where four 1,500 ft^2 units will be built, and beside an FE college in Staffordshire, where six 1,500 ft^2 units will be developed (one of which will be a kitchen).

7.113 It is too early to assess the impact of the 'hub' and 'spoke' model because the units have not yet been let. There has however been much interest in them from a range of food and drink businesses.

APPENDIX 4
Food and Drink SIC Codes (SWRDA)

Food and Drink	
100	MAFF/DAFF/Agricultural data
111	Growing of cereals and other crops NEC
112	Growing of vegetables, etc.
113	Growing of fruit/nuts/beverage & spices
121	Farming of cattle, dairy farming
122	Farming of sheep/goats/horses, etc.
123	Farming of swine
124	Farming of poultry
125	Other farming of animals
130	Growing of crops and farming of animals
141	Agricultural service activities
142	Animal husbandry activities
501	Fishing
502	Operation of fish hatcheries & farms
1511	production and preserving of meat
1512	Production and preserving poultry meat
1513	Production: meat & poultry meat products
1520	Processing/preserving of fish
1531	Processing and preserving of potatoes
1532	Manufacture of fruit and vegetable juice
1533	Processing/preserving fruit/veg nec.
1541	Manufacture of crude oils and fats
1542	Manufacture of refined oils and fats
1543	Manufacture: margarine/similar fats
1551	Operation of dairies and cheese making
1552	Manufacture of ice cream
1561	Manufacture of grain mill products
1562	manufacture of starches/starch products
1571	Manufacture of feeds for farm animals
1572	Manufacture of prepared pet foods
1581	Manufacture of bread etc.
1582	Manufacture of rusks, biscuits etc.
1583	Manufacture of sugar
1584	Manufacture of cocoa, chocolate etc.
1585	Manufacture of macaroni, noodles etc.
1586	Processing of tea and coffee
1587	Manufacture of condiments and seasonings
1588	Manufacture of homogenised food et.c
1589	Manufacture of other food products nec.
1591	Manufacture of alcoholic beverages
1592	Production f ethyl alcohol
1593	Manufacture of wines
1594	Manufacture of cider/other fruit wines

1595	Manufacture of other non-dist. Fermen. Beverages
1596	Manufacture of beer
1597	Manufacture of malt
1598	Production o mineral waters/soft drinks