

South East Local Enterprise Partnership - EAFRD Programme

Food Processing Call – Background Information

National Context

Defra has identified investment in food and farming productivity as a key priority. In 2013 the whole food supply chain contributed £103bn of Gross Value Added (GVA) to the UK economy. The sector is a major exporter, exporting almost £19bn of food and drink products a year (just over £12bn made up of food and non-alcoholic drink exports).

The 'UK Strategy for Agricultural Technologies' published in December 2014 highlights the need to redress the decline over the past 30 years in agricultural productivity relative to our major competitors.

In August 2015 Defra and the Treasury published 'Towards a one-nation economy: A 10-point plan for boosting productivity in rural areas'. In the foreword it states that:

'We want to harness the enormous economic potential England's rural areas have to offer, both for the prosperity of those living in rural areas and for the benefit of the UK economy overall'.

The Government's '25 Year Food and Farming Plan' launched by Defra in July 2015 supports this drive for productivity and states that:

'A major theme of the vision is to maximise productivity right across the food chain. Boosting productivity is a priority for the whole economy and there are particular opportunities to do this across the food chain.'

The Government wants to see the food sector grow more, buy more and sell more British food.

Local Context

This call invites applications for investments in processing/marketing and/or development of agricultural products (sub-measure 4.2) and support for investments in the creation and development of non-agricultural activities (sub-measure 6.4)

Food processing is one of the priority sectors identified in the SELEP ESIF Strategy and is highlighted in the SELEP Rural Strategy (RE1 – 'Provide support for rural businesses and businesses in rural areas' and RE2-'Optimise the growth and development of the food and sector').

The South East LEP is well-placed to lead on this agenda due to the broad range of agricultural and horticultural production which takes place and the breadth of food processors and food manufacturers located in the area directly supporting the food sector.

Kent's 'Garden of England' tag is based on the fact that it produces a broad range of food stuffs, with a particular focus on top and soft fruit. 46,000 people are directly employed in food production on farms, horticultural units, vineyards, etc. Vineyards are an increasingly important contributor to the rural economy across the SELEP area. The county is home to almost 500 food related companies employing over 18,000 people. The total Kent food chain,

including all aspects of production, processing, packaging, distribution and sale of food are estimated to be worth £2.6bn, equal to about 12.4% of the total GVA of Kent. In addition this food chain supports around 85,000 jobs, accounting for over 15% of Kent's total workforce.

Kent also has over 120 food manufacturing companies and approximately 200 food wholesalers. It is estimated that around 39% of all non-EU fresh produce entering the UK travels through Kent. The concentration of importers, wholesalers, processors, manufacturers and specialist transportation services means that the food industry in Kent supports the wider food manufacturing industry throughout the South East and the UK.

Essex employs nearly 4,000 people in its food and drink sector and circa 140 companies are involved. The majority of employees in the sector work locally in the manufacture of food products (90%) with the remaining 10% working in manufacture of beverages. The industry is continuing to explore how it can minimise its impact on the environment whilst achieving growth as well as focusing on issues such as health (i.e. reducing salt and calories) (*Essex Skills Profile: Food and Drink March 2014*).

Arable cropping covers 76% of Essex farmland (wheat 43% and oilseed rape 16%) with grassland covering 15%. Key grain processing sites include flour mills at Tilbury, Chelmsford and Maldon. Major cereal and oilseed export facilities exist at Harwich and Tilbury. Important pockets of horticulture exist and the county is well-placed to provide fresh fruit and vegetables to London.

East Sussex has a significant concentration of livestock farms with some 40% of farmland used for grazing livestock, compared to 16% in England. Only 19% of land is used for growing cereals compared to 29% across England as a whole. Approximately 4,500 people are directly employed on the county's farms.

16% of jobs in East Sussex are involved in the production or sale of food and beverages. This amounts to 26,000 people being employed in this sector in circa 2,300 workplaces. 13% of all employees work in a sector related to Food and Drink, and one in ten business units. This refers to workplaces rather than enterprises. (*Food and Drink Economy in East Sussex report, East Sussex CC August 2013*)

Theme - this call seeks applications that support investments in the food sector in SELEPs rural areas through enhanced food production and processing. Adopting new techniques, the creation of new local food products, the development of new markets and support for the emerging beer and wine industry are examples of the type of projects required.