

# The Strategy for Regional and Local Food in the South East of England

## *synopsis*

The South East Food Group Partnership (SEFGP) commissioned the Strategy for Regional and Local Food with funding from the South East England Development Agency (SEEDA), to expand on Priority Tasks 13 and 14 (local food) in the regional delivery plan for sustainable farming and food, 'Farming and Food: Our Healthy Future'. It was prepared by local consultants Roger Seed Professional Services and Westley Consulting Limited during 2005.

The aim of the Strategy was to review the regional and local food sector in the region, its strengths, weaknesses, opportunities and threats, its development and training needs, grant and other support measures made available by government, and the support system of local food groups. Based on this information an Action Plan was developed giving coherence, direction and leadership to the work being done in the South East region on support for regional and local food for the period.

Research for this Strategy considered two overlapping sectors:

- *regional food*: food that is produced within, and marketed as coming from the SE region, whether it is sold here or elsewhere. It is perceived to have a distinctive quality because of the area in or the method by which it is produced. Handmade speciality cakes would be an example.
- *local food*: food that is produced, traded and sold within the SE region, or a smaller more local area. It has no particular quality connotations. This would for example include fresh produce sold in a farmers market.

Estimates suggest that there are around 750 regional food businesses in the South East with an average turnover of £755,000, and total turnover of around £550 million. It appears that a small number of producers (around 2%) account for a significant amount of turnover (nearly 20%). The regional food sector is estimated to be responsible for around 6,000 FTE jobs.

The local food sector contains many micro-businesses, including farm diversifications, and it is very difficult to ascertain market size. However the consultants concluded that there are probably around 1,000 local food businesses in the region, responsible for around 2,000 jobs with an average turnover circa £125,000.

## **Strengths and weaknesses of the sector**

Regional **strengths** include some high quality businesses and products, a handful of well-recognised geographical areas within the region, and proximity to a large, generally affluent population. **Weaknesses** include the lack of any clear regional identity, poor cross-regional communications, rising utility costs and many difficulties with business growth. **Opportunities** exist in the retail, foodservice, tourism, export and public sectors. **Threats** include the narrow socio-economic profile of consumers interested in regional and local food (mainly older and more affluent), generally high business costs in the region, regulatory costs and constraints, and a shortage of skilled and unskilled labour.

## **Skills**

Training and development needs fall into three main areas:

- generic business skills (especially marketing, business planning, health & safety, finance and funding, and use of IT)
- vocational quality skills (eg. food safety and hygiene, HACCP) and
- vocational production skills (eg. cheese-making, butchery).

The majority of training is currently regulatory-focused, whereas for businesses to grow, the training strategy needs to embrace wider management skills (eg marketing and business planning), as well as personal development skills (eg negotiation and communication skills).

Businesses reported that growth - the move to Stage 2 - is a particularly difficult phase, more challenging than the initial start-up. Barriers to growth include a lack of confidence and market knowledge, lack of time and skills to manage growth, red tape (eg over planning), difficulty in finding affordable and suitable premises, difficulty of accessing grants and funding, and labour shortages.

## **Demand**

If industry is to grow, increased awareness must result in regional and local food being **available and acceptable** to customers, and result in increasing volume and value of transactions. To counter existing negative attitudes about market sectors, industry must:

- develop links with the trade as well as the consumer
- develop effective, affordable distribution channels
- collaborate to meet the needs of the market place

## **Funding Support for the Sector**

The main grant measures are those in the England Rural Development Programme, particularly the Rural Enterprise Scheme, Processing & Marketing Grant and Vocational Training Scheme. Although useful to some extent, businesses feel rightly that these are directed more towards agriculture than food.

In the South East, government support for the sector is currently provided through the ERDP, RDA and local authorities. RDA funding is delivered via SEFGP to the food groups as is the DEFRA/FFB Regional Support Package. Government commitment at national, regional and local levels is the main strength of the system. Although SEEDA's policy is now to reduce its level of support, to encourage groups to seek a higher proportion of private-sector funding, its main weaknesses are a patchy provision of support, based more on funding streams than on producers' needs; duplication of effort and lack of synergy; a distrust by some counties of the regional approach; and a lack of strategic management and leadership to help the network reduce its dependency on public funds. Opportunities include Defra's Rural Strategy 2004, which is encouraging a new look at rural delivery, and the possibility that groups might specialise in issues of greatest interest, supplying services to one another on a repayment basis. Threats include diversion of Government resources to more lagging regions, and EU restrictions on state aids.

There are strong reasons for retaining the present two-tier support system delivered by local food groups and the South East Food Group Partnership. Producers and consumers identify with counties, but some services can be organised more efficiently at regional level, and indeed normally are in other regions.

## Key Objectives and specific actions

The following objectives and actions are underwritten by the main stakeholders in the South East, and this will form the back bone for action over the period 2006-2008.

Overall Objective	Key Objectives	SEFGP Actions
To raise progressively the value and benefits of regional and local food from the South East region	1. Promote innovation	<ul style="list-style-type: none"> <li>❑ Promote awareness of the links between product and service quality, innovation and marketing working with Food Technology Centres, IGD, Food Chain Centre et al.</li> </ul>
	2. Develop demand for and provide appropriate business development support	<ul style="list-style-type: none"> <li>❑ Develop a case study guide for business expansion.</li> <li>❑ Promote collaborative approaches and involve other business organisations such as EFFF.</li> <li>❑ Raise efficiency by making better use of resources.</li> <li>❑ Facilitate compliance with food legislation by providing suitable guidance to producers' interpretation and compliance with food legislation.</li> </ul>
	3. Provide trade development opportunities	<ul style="list-style-type: none"> <li>❑ Identify key potential customers regionally/ nationally and target them, including multiples, foodservice and independents.</li> <li>❑ Understand and resolve the challenge of distribution.</li> </ul>
	4. Link to tourism and local procurement	<ul style="list-style-type: none"> <li>❑ Identify and capture market/tourism opportunities.</li> <li>❑ Embed SE food in healthy eating and public procurement initiatives in the region.</li> </ul>

	5. Provide a business development network that meets the needs of stakeholders.	<ul style="list-style-type: none"><li>❑ Ensure that regional tier activities will add value to local food group activities and that the structure will reduce dependency on local, regional and national funds.</li><li>❑ To obtain funding on a regional basis, and distribute locally, where possible.</li><li>❑ To manage and monitor progress of the RDA support to the structure of local food groups.</li></ul>
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The full document including information about methodology, analyses etc. is available from the SEFGP office, [henriette@sefgp.co.uk](mailto:henriette@sefgp.co.uk)