MIDLANDS ENGINE

OPPORTUNITIES FOR GROWTH IN THE MIDLANDS FOOD AND DRINK SUPPLY CHAIN

DECEMBER 2022

PROMOTING A BRIGHT FUTURE FOR OUR FOOD AND DRINK INDUSTRY

The future growth potential for the food chain is complex and multi-faceted, but the Midlands is well placed to respond to most of the major trends, given the breadth, diversity and scale of its agri-food supply chain. The region has UK leading concentrations of agricultural production, food processing and is the UK's largest logistics and distribution centre for food and drink supply chains. Growth opportunities include a focus on levelling up, using new technologies and investment to deliver higher-value, higher-skilled and better jobs.

DEFINING THE FOOD AND DRINK SUPPLY CHAIN

The food chain includes all those businesses and employees who support:

- Agricultural and horticultural production
- Food and drink processing
- Food logistics and storage, including those services associated with international trade
- Marketing and wholesaling of food and drink
- Engineering and machinery suppliers who support food chain production, packaging and distribution
- Energy, water and waste businesses who deliver services to the food chain
- Professional services including technical food services (QA and testing), marketing, accountancy, legal, banking and finance. These businesses play a key role in cluster development and innovation diffusion across the food chain.

All of these activities are considered as part of this factsheet, which profiles the scale and opportunities for the Midlands Engine food sector. It has been co-produced by Midlands Engine Observatory (MEO) in partnership with the Midland Future Food Alliance. A more detailed report is available here.

THE CURRENT ECONOMIC LANDSCAPE

- There are an estimated **857,000 jobs linked directly to the food chain** in the Midlands Engine region, equal to **17.6%** of all employment.[1] Jobs are estimated[2] as being broken down into the following activities:
  - **214,000 jobs in core commercial production & supply chain**: agriculture, food and drink manufacturing and packaging. (21% of the Great Britain total).
  - **485,000 jobs in consumption:** the retail and catering/hospitality of food products. (16% of the Great Britain total).
  - **159,000 jobs in relevant enabling activities**, such as freight, engineering services and professional/business services. (19% of the Great Britain total).
- **Greater Lincolnshire LEP (26.1%) and The Marches LEP (25.6%) have over one quarter of all their industry employment within the food and drink sector –** highlighting its importance within these places.
- There are an **estimated 66,000 food and drink sector businesses across these activities in the Midlands Engine, 16.1%** of all businesses in the Midlands Engine. Comparatively, the sector makes up 15.1% of all UK businesses.[3]
- In 2020, the **food and drink sector is estimated to have contributed around £32bn GVA** to the Midlands Engine economy, over 13% of the total.[4]
- One of Midlands' biggest strengths is exports, with the region being the second highest exporting region for food in 2021 with **£1.8bn food goods exports,** confirmed by the Food and Drink Federation.[5]
- Since 2014/15, the Midlands Engine has received at least **£13.4m in Innovate UK funding** for food and drink-related innovation activities.
- **Up to 30% of the English vegetable crop** is picked in Lincolnshire, and **70% of all consumed fish** in England is processed in Grimsby. Worcestershire, Herefordshire and Warwickshire contribute **over a fifth of the value of** England's fruit industry activity.
- Livestock is an **important part of the food chain** across the Midlands, particularly in Lincolnshire, Staffordshire, Leicestershire, Shropshire, Herefordshire, and Derbyshire.[6]
- The Midlands has the highest farmed area and the highest crop and livestock output of all English regions.
- The Midlands' strength is not limited to agriculture though, with **major food and drink manufacturing facilities present in the region and concentrated locations of cluster strength.**

OPPORTUNITIES FOR GROWTH

The Midlands is well placed to respond to the challenges presented by the Covid-19 pandemic and Brexit and associated supply chain impacts, new traders, impacts from the Russia and Ukraine war, the cost-of-living crisis and inflation pressures.

The core food chain is supported by UK and world-leading academic research and innovation, which builds on historic Midland's strengths in automation and mechanisation, a growing reputation for novel and healthy foods and companies at the forefront of sustainability and clean growth.

Key drivers include:

Clean growth

The food and drink sector, from farm to fork, is embracing low carbon supply chains, building on UK significant clusters of renewable energy and new technology. The post-pandemic push to build back better and deliver green growth also includes work on single-use plastics and packaging, food waste reduction and the development of the circular economy.

Diet and health

The long-term trend for consumer demand for healthy food was reinforced by the pandemic. With UK and world-leading companies and an academic base focused on healthy foods – as well as major investment in plant proteins, healthy manufacturing and food reformulation – the region is well placed to exploit this trend.

Trade, import substitution and inward investment

UK demand for domestically sourced food is rising, providing opportunities for agriculture and food and drink processors to deliver, shorter, more resilient supply chains. DIT has identified multiple high potential opportunities across the Midlands Engine, including:

- Food processing automation in Greater Lincolnshire
- Sustainable farming systems in Telford and Wrekin
- Precision agriculture in Telford

Automation and digitalisation to drive productivity

Food chain productivity has been growing faster than for UK industry as a whole and the leading cluster for food chain automation and digitalisation in the UK is in the region.

The region is the UK and European leader for Agri-robotics and automation, supported by industry and government, to develop world-leading, long-term solutions to labour supply constraints. Industrial application to these technologies presents significant growth opportunities for investing businesses.

There is significant demand for Industry 4.0 technology solutions required by the food chain, from transport and logistics such as 5G, blockchain and automated loading systems to driving modernisation of storage and cool chain technology.

Supply chain reconfiguration

The Midlands is the UK centre for food warehouse and distribution centres serving UK and international food markets.

The region has significant potential to utilise reshoring which will both reduce carbon emissions and allow for greater exports across the world.

There are significant academic specialisms in agriculture and food within the Midlands Engine. There are seven Food Enterprise Zones alongside world leading education and training offers in agri-food, such as the National Centre for Food Manufacturing (Lincoln) and National Centre for Precision Farming (Harper Adams).

Taking advantage of key opportunities and overcoming barriers in the sector will require further investment and beneficial policy across the food chain, including support for efficient and sustainable UK production and innovation.

By providing the support required for the ecosystem across the Midlands Engine, we can fuel and harness this potential future growth through innovation and sustainability, delivering a more resilient, self-sufficient and continually growing food chain in the Midlands for wider UK benefit.

[1] ONS BRES (2020)
[2] Proportioned to estimate scale of activity relevant to the food chain
[3] ONS Business Counts (2021)
[4] Proportioned using jobs / GVA per employee data at sector grouping level
[5] HMRC Regional Trade in Goods Statistics: Based on SITC section 0, 1 and 4
[6] DEFRA: Agriculture in the English Regions

MIDLANDS ENGINE

www.midlandsengine.org

info@midlandsengine.org

@midsengine

midlands-engine