

# AGENDA ITEM 9

## RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

30 OCTOBER 2013

### REPORT OF STRATEGIC DIRECTOR (CM)

#### FOOD ENTERPRISE CENTRE (FEC)

#### 1.0 PURPOSE OF THE REPORT

- 1.1 To update the Committee on the recent feasibility work undertaken by the County Council regarding the potential scope for establishing a Food Enterprise Centre.

#### 2.1 RECOMMENDATIONS

It is recommended that Members:

- a) Note the report, update and proposed next steps;
- b) Support the principal of the development of a Food Enterprise Centre in Melton Mowbray, and;
- c) Endorse officers further investigations into the location, detailed financial implications and potential grant and income opportunities for taking this project forward, working with Leicestershire County Council, the LLEP and other partners.

#### 3.0 KEY ISSUES: FOOD ENTERPRISE CENTRE

##### Strategic Context

- 3.1 The Leicester and Leicestershire Enterprise Partnership (LLEP) has set out its strategic objectives and priorities within its Economic Growth Plan (2012-2020). Food and drink manufacturing is one of nine priority sectors identified within the plan, which also identifies investment in employment premises, increased supply of relevant skills and support for SMEs as critical requirements for economic growth.
- 3.2 A Food and Drink Strategy for Leicester and Leicestershire 2011 – 2016 has been developed through consultation with local businesses, which identifies:
- Consideration needs to be given to preserving the food heritage of Leicester and Leicestershire and ensuring that the craft skills continue to be diffused in new generations e.g. cheese making.
  - Encouraging young people into the industry is of vital importance, industry growth is linked to future skills development.
- 3.3 Leicestershire County Council approved its Economic Growth Priorities to support those developed by the LLEP, but also to address the need to manage the demand for future public services by reducing worklessness and increasing wealth. It has ring-fenced £3.2m of its reserves to support these priorities which includes exploring options for developing a food enterprise centre in the County.
- 3.4 Food and Drink is a priority sector for the Leicestershire Rural Partnership (LRP), which has established a Food and Drink Task Group to help take the above actions and also supported the outcomes of this feasibility study.
- 3.5 The Councils Economic Development Strategy also takes account of the potential that a project of this type would offer to the Melton area.

## **Local Context**

- 3.5 The Food and Drink sector is a key priority for Leicester and Leicestershire; with over 10,000 people employed within the manufacturing and processing of food and drink. This is supported by a large farming community as well as some high profile protected status produce such as Melton Mowbray Pork Pies and Stilton Cheese. The number of specialist smaller producers and brewers is prevalent in rural areas and Councils including Melton have recorded a recent boom in home-start food companies.
- 3.6 Melton Mowbray ('Rural Capital of Food'), and its surrounding area hosts major national food events such as the British Pie Awards, the national Artisan Cheese Fair and the Melton Mowbray Food & Drink Festival. The town and area regularly feature on TV and Radio food and tourism programmes and in the press and food literature. Capitalising on this high profile, 'Gourmet Taste Leicestershire' short stay holidays have been developed by the local Destination Management Organisation (Leicestershire Promotions).
- 3.7 The Borough is also home to Brooksby Melton College which specialises in land-based courses; in partnership with Melton Mowbray Food Partnership and Loughborough College it currently operates a 'virtual' School of Rural Food ([schoolofruralfood.com](http://schoolofruralfood.com)).
- 3.8 Research commissioned by the Melton Mowbray Food Partnership, Brooksby Melton College and Loughborough College in 2010 (Skills and Training Analysis of the East Midlands Food and Drink Sector) identified 'an extensive provision gap' in artisan food training in the south of the Region. The report further developed four themes; specialist craft skill provision, New Product Development, Business Planning and Management Training.
- 3.9 In January 2012 a proposal was submitted to Defra for a Rural Growth Network pilot in the East of the county, which included a Food Enterprise Centre on the site of Brooksby Melton College, as well as increased use of the Harborough Innovation Centre. This was short-listed and received positive feedback but was not one of the five proposals approved.
- 3.10 It was agreed by all the parties involved, that the concept of a Food Enterprise Centre (FEC) should not be lost and further consideration of the concept, its form and financial feasibility be undertaken. This has been done by commissioning a Feasibility Study with Business Plan and Greenborough Management Limited were procured by the County Council to undertake this work earlier this year.
- 3.11 The study used a two-phased approach. The first phase was a demand study and proof of concept, which included a number of parallel activities:
- Evaluation of the market
  - Stakeholder consultation including potential partners/collaborators
  - Business Interviews and Survey
  - Reviewing existing business support networks
  - Supply side analysis
  - Best Practice Review – Looking at other food centres.

The second phase was to develop a detailed Business Plan including an assessment of the capital and establishment costs; the specification for the preferred option, review of the preferred location as well as income and expenditure forecasts.

## **Demand Study Summary**

- 3.12 The study concluded that the addressable market for a new Food Enterprise Centre was significant. It was clear that there is a strong demand for a centre of this type which would help deliver improvements to the economic landscape of Leicestershire, especially its rural areas. However, this will only reach its true potential if this facility comes with on site business support and additional facilities.

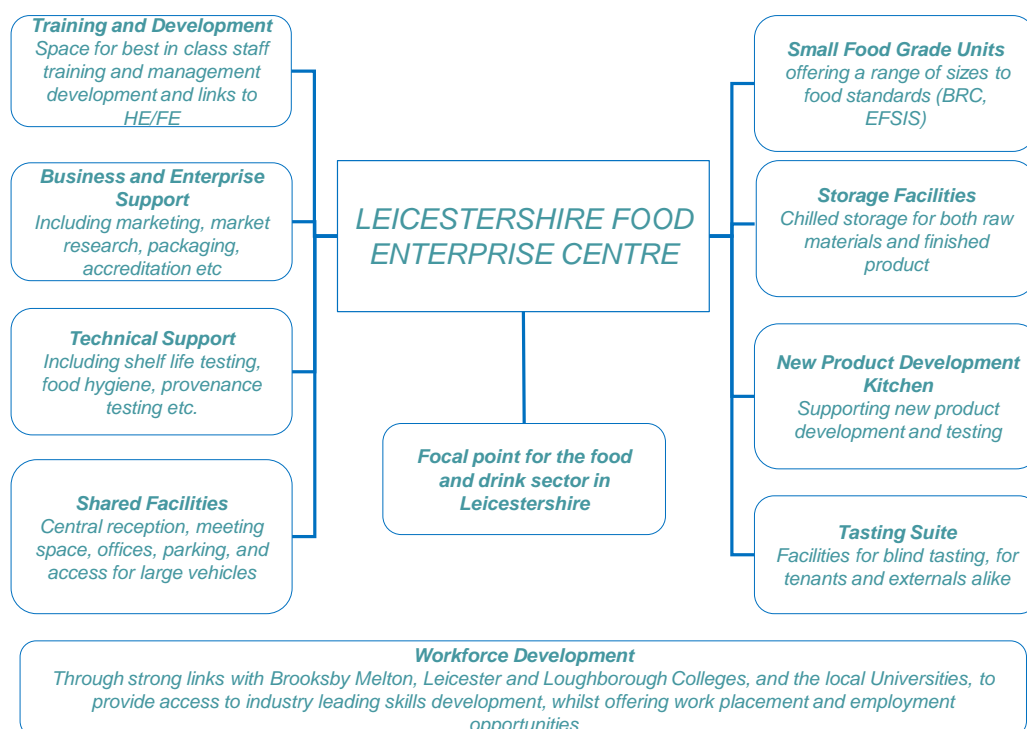
- 3.13 The local supply analysis suggested that there is market failure for support for food and drink businesses (no private sector provision, yet strong evidence of business demand). The local supply side offers a range of space – but not for food and drink businesses. The local business support landscape suggests that support for the sector is thin (notwithstanding the presence of the Food and Drink Forum, whose funding does not allow them to engage as broadly or as deeply as the sector demand suggests).
- 3.14 There are, however, 2 new developments around the County that are planning to meet some demand. Leicester City Council is planning 20,000 sq ft of food manufacturing space (9 units) on land it owns off Lewisher Road in Northfields; and Everards Brewery are planning a large scale development that will include some larger food grade units. Both sites are targeting larger units than the FEC, and therefore, rather than being competitive they offer the opportunity for collaboration which could include sharing of business support / technical services and the opportunity for grow on space for businesses at the FEC.
- 3.15 Discussions are taking place with the City Council and Everards to ensure that collectively the developments maximise the benefits to the sector and where possible provide a seamless response to sector demand.

### **Preferred Location**

- 3.16 At this stage, the Options Assessment strongly favoured Melton Borough as the principle location for any new Food Enterprise Centre; this was primarily due to food and drink business density being much greater in this area along with the high food profile that Melton already exhibits.
- 3.17 Six locations were considered by the consultants and the site that clearly came out top was one located on the Cattle Market site. In addition, and subject to both location within the Market, appetite from partners and negotiation with neighbours, PERA, it was perceived that a number of additional benefits could be delivered through a partnership approach.

### **Centre Profile**

- 3.18 To meet the needs evidenced within the feasibility element it has been identified that any new centre would need to provide a range of facilities and services, however this must also be balanced with a focussed, realistic and fundable offer. The types of services that would benefit the centre, its tenants and the wider sector include:



- 3.19 In addition, it has been suggested that this particular type of centre – with its potential to add value to the tourism and food heritage offers – would also benefit from a co-located micro brewery/restaurant/retail facility. Not only would this be an excellent stand alone unit, it could act as a “front of house” for the food grade units and an attraction improving the Towns non-market day offer.

### **Next Steps**

- 3.20 Members are asked to support this initiative so that officers can work with key partners to understand the potential governance structure required, funding opportunities for taking it forward, detailed business planning and to consider in more detail the constraints/advantages of any particular locations and layouts.

## **4.0 POLICY AND CORPORATE IMPLICATIONS**

- 4.1 There are strong linkages to the Councils Economic Development Strategy, Entrepreneurship and Skills Agenda and in supporting the Melton Mowbray Town Centre.

## **5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

- 5.1 It would be intended that a facility of this type would be self-funding in due course. The capital costs will be significant due to the food standard fit-out that would be required and grant funding would be sought to support the capital costs and any relevant elements of the revenue costs.
- 5.2 There is the potential for an ‘offer’ of this type to add to the vibrancy of the location in which it is placed and should it be located on the Cattle Market, members aspiration for more intensive use of the Cattle Market site during non-market days.
- 5.3 A contribution was made towards the consultancy work undertaken by the County Council from existing budgets.

## **6.0 LEGAL IMPLICATIONS**

- 6.1 Legal implications/powers will need to be considered as the project progresses. There are no further particular legal implications arising from this report.

## **7.0 COMMUNITY SAFETY**

- 7.1 Any community safety issues will need to be considered as the project progresses.

## **8.0 EQUALITIES**

- 8.1 Equalities issues will be considered as the project progresses.

## **9.0 RISKS**

- 9.1 A full risk assessment will be carried out at the next stage of the project.

## **10.0 CLIMATE CHANGE**

- 10.1 Any climate change implications will be considered when more detail has been considered.

## **11.0 CONSULTATION**

- 11.1 Extensive consultation was undertaken as part of this project. Discussions have taken place with the Melton Mowbray Cattle Market Partners regarding the FEC concept.

## **12.0 WARDS AFFECTED**

- 12.1 All wards are affected.