



**UK
FOOD
VALLEY**

Pro-Growth Agenda

Growing the Food Economy

About Greater Lincolnshire and the UK Food Valley Programme

The UK Food Valley is a partnership led by Greater Lincolnshire Local Enterprise Partnership which works with the food industry, academic and skills community and public sector partners to grow the food economy.

The Food Valley seeks regular industry feedback on the opportunities for growth and the challenges which need to be addressed to unlock this growth, using this feedback to create the conditions for growth. The Food Valley has invested in understanding the types of growth projects being delivered and their critical success factors and uses this to both promote the growth opportunity and to focus further support.

Since 2016, an estimated **£5billion** has been invested by Greater Lincolnshire based food chain businesses in: agriculture and agricultural input companies; food production and related input suppliers; food marketing, storage, logistics and distribution. About half of the total investment has been in routine investment in buildings, plant and machinery, with the other half being in larger schemes designed to increase capacity. Investment of over **£100m has also been made in agri-food sector skills and innovation infrastructure**, with over £100m of project-based investment in collaborative R&D with industry and skills programmes.

In total, since 2016, more than 130 investments of over £1m have been made to expand production. The largest completed investment was £84m, but there are projects currently in construction which are larger, with more in planning which will be more than double the largest investment seen to date. The pipeline of investment continues to increase, with investments being made by: businesses based in the Food Valley; UK businesses from outside the region; and international investors.

In 2022, **over 40% of FDI enquiries to Greater Lincolnshire were in agri-food**, showing both a strong international interest in investing in the UK food chain and the success of the Food Valley in attracting these investors.





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Greater Lincolnshire Food Chain

The growth in the UK Food Valley builds on the existing food sector strength in Greater Lincolnshire, with over **75,000 employees** in the commercial food chain¹. The commercial food chain has an estimated turnover of £14.6 billion per annum and generates a GVA of £5.1 billion.

¹ This does not include consumer facing parts of the food chain, food retail and catering, if these are added the employment total increases to over 120,000.





Greater Lincolnshire is the national leader and largest producer in fish processing, vegetable growing, fruit processing and trade, cereals, poultry meat and ornamental crops as well as food chain logistics.



The UK Food Valley Focus

The food sector, from farm to fork, is a large and diverse sector with many niches, opportunities and challenges. From an economic development perspective, the Food Valley has been clear it cannot tackle every issue, but instead needs to focus on those areas which can deliver the greatest return. The UK Food Valley focus is therefore on the growth potential in areas where it has:

Existing cluster strength on which to build, given the recognised role which clusters have in supporting growth, by creating the critical mass of knowledge, workforce skills, supply chain infrastructure and input supply base to create productive, globally competitive producers.

Growing market demand so that expansion can be aligned with changes in the consumer market. For example, Greater Lincolnshire is seeing investment in plant protein production as the demand for plant-based foods grows.

Potential import substitution &/or export market potential, for example, the UK is a major net importer of fresh produce much of which is produced in countries, such as the Netherlands, with higher property and labour costs and similar climates to the UK. They thus have no inherent comparative advantage, except for their historic commitment to the sector and its growth.

The UK Food Valley is focusing on three sub-sectors in which it has seen strong investment and where growth is expected to continue:

Fresh Produce and Controlled Environment Agriculture, focused on high tech greenhouses, using automation and renewable energy to produce globally competitive food, ornamental and pharmaceutical crops.

Seafood Processing and Aquaculture, adding value to UK and globally sourced seafood and developing an on-land UK sustainable aquaculture industry to replace imports.

Food Logistics and Cool Chain, to cement the area's leadership in food storage and logistics, support the transition to clean energy and provide the extra capacity to respond to the 4% CAGR in the use of cool chain solutions in the food chain.

The industry focus is also based on delivering three 'big bets' on pan-industry trends, including:

Using **automation and digitalisation** to deliver productivity growth and provide the data analysis and management information to deliver more efficient resource use.

Delivering **low carbon food chains**, from end to end, by focusing on efficiency and using innovative technology to produce more with less.

Developing production capability is **naturally good for you foods**, e.g., fish, vegetables, salads, fruit, poultry meat, plant proteins, making the UK more competitive in these products to help increase consumption and address diet-related ill health.

Growing the Food Economy

Greater Lincolnshire is developing its own growth strategy for the food chain and believes that the same principles can be applied nationally. If national policy can be aligned with the UK Food Valley's experience and focus more growth and investment can be attracted to the industry.

Investment-Led

Growth is dependent on investment in productive capacity and in the UK Food Valley's experience there is no shortage of potential food chain investors, locally, national and internationally. These investors range from startups and high growth SMEs to the largest food companies in the world.

Industry and investors recognise that food is a sector with long term growth potential, driven by both increased physical demand for food as the global population rises, and by the growth in wealth being seen globally, particularly in developing countries, which is changing what and how people eat.

Investors also recognise the transition that needs to occur in how food is produced so that we reduce the impact on water, land, the atmosphere and biodiversity.

The structural increase in demand for food, but a need to produce it more sustainably, has led to large increases in global investment in agri-food infrastructure and technology in the last decade. For example, agri-food tech VC investment has risen

£29.6bn

**agri-food tech VC
investment in 2022**

from \$3.1 billion in 2012 to \$29.6 billion in 2022 (AgFunder, 2023).

Many investors, especially larger multi-nationals but also some SMEs, are globally mobile when making investments. The food industry is constantly innovating as markets evolve in terms of what consumers want to eat and how they buy and consume food.

The food industry is very adept at responding to changes in consumer demand, so a growth strategy has to allow industry to focus on the markets it wants to prioritise, supporting them by creating the conditions for investment.



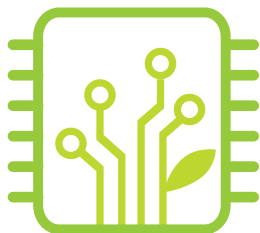
Principles

The principles which underpin a growth strategy are to:



- **Set out a clear growth strategy for the food chain** - it should not be underestimated how important this is, especially if a long-term plan is agreed. A long-term commitment to the industry creates confidence in turn encouraging investors to reshore production and grow domestic food supply, thus enhancing supply chain resilience and delivering food security.

- Tell investors about **the scale, ambition and potential of the UK food sector** so that they prioritise it over other potential global markets.



- **Facilitate investors to access the facilities, resources and networks** which create a 'soft landing' for FDI or provide help to domestic businesses to develop and grow.



Components of a Government-led Strategy for the Food Chain

The Greater Lincolnshire LEP urges a comprehensive industrial strategy for food and farming to ensure the UK's food security and also meet net zero targets. The recommended components of a pro-growth policy for the food chain include:

1. Set out and promote a clear long-term **Strategy for Food Chain Growth** - giving domestic businesses and inward investors the confidence to invest. This needs to include:

- Identifying areas in which the UK is a big net importer of food **where domestic production could be sustainably and competitively expanded** e.g., a Commercial Horticulture Growth Plan focused on replacing imported vegetables, salads, fruit and ornamental crops.

- Adopting an **overarching focus on how to increase productivity** in the food chain so UK production is globally competitive. Central to this is focusing on **taking R&D out of the lab into the field or onto the factory floor**, by supporting the innovation to commercialisation journey and increasing skills to adopt innovative technology in industry.

2. Ensure industry is supported to invest by addressing key **enablers of business expansion**:

- Support **commercial investment in the industry** to increase production volumes and modernisation through **globally competitive investment incentives** (e.g., tax, grants).
- Support the industry with a **positive planning framework and premises supply strategy** to support businesses from start-ups looking for their first food grade unit, to multi-nationals investing in large scale sites. To secure food chain FDI the planning system has to be fast

and aligned with a growth aspiration for the industry. This needs to recognise that globally competitive firms in agriculture and the food chain are now larger, with different physical needs from 30 years ago, requiring planners to understand what 'good looks like' in 2023.

- Support food chain investment with **modern infrastructure** including access to sustainable **energy** and **water** supplies; high speed **digital connectivity**; and **transport infrastructure** (ports, roads² and rail).

- Provide **specialist food chain innovation and business support**, to accelerate technology innovation, commercialisation and adoption.

- Address **workforce supply and skills**, through a twin track approach: ensure short term labour supply (including migration) until labour supply challenges can be addressed by investment in increased automation and skills. The aim is to work towards **higher skilled jobs which command higher wages by delivering productivity growth** per capita.

- Proactively **promote FDI into agriculture, food processing and the supply chain including technology businesses** which can drive productivity and enhanced sustainability.

UKFV Team – for more information about Greater Lincolnshire and its UK Food Valley – get in contact with Effie Warwick- John.

² The food chain representing over 30% of road freight transport infrastructure is critical to the industry.



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