



## FOOD AND DRINK PREMISES

### SUMMARY



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#### **About this document:**

This document provides a summary of the research findings investigating Food and Drink Premises. The project examines the extent to which planning and the availability of land represents an opportunity or a barrier to expansion of the Food and Drink sector in Wales.

A full report of the study is available separately, alongside five case studies and a fact-sheet designed to assist businesses in the preparation of planning applications for new premises.

## **Contents**

1. Key Findings .....	4
2. Introduction .....	6
3. The Food and Drink Sector in Wales .....	7
4. Support for the Food Sector in Planning Policy Documents .....	9
5. The Planning Application Process for Food and Drink Sector Businesses .....	10
6. The Food and Drink Sector: A Planners Perspective.....	12
7. The Planning Process from the F&D Businesses' Perspective .....	13
8. Conclusions and Recommendations .....	15

## 1. Key actions and findings

### Key actions from the research:

1. Providing assistance to enable businesses to select the right site and ensuring land and premises are available in the 'right' locations.
2. Encourage businesses to carry out early consultation with the Local Planning Authority and key stakeholders; assist businesses to ensure they submit the right documentation for planning applications and go through the planning process in the most effective manner.
3. Assisting LPAs in understanding the Food and Drink Sector and how to deal with their applications more effectively.
4. Making sure businesses in the Food and Drink sector are clear about the economic and employment benefits of their business to the local and national economy, and are able to communicate these benefits to the Local Planning Authority and the local community.

### Other key findings:

- National planning policy does not specifically consider food grade premises.
- Most local authority based planners do not specifically consider food grade premises within their local authority area and many do not recognise the term. Their focus is on allocating employment sites that create jobs and investment.
- Food grade premises often require separate sites due to potential food contamination and cleanliness issues.
- There is anecdotal evidence from interviews in this report that suggest the need for more specific Food Grade Business Parks or clusters.
- The pre-application consultation process is currently relatively informal (although this is set to change in August 2016). Interviews with both planning officers and businesses suggest that pre-application consultation is valuable as it can save time and resources by identifying and dealing with technical and consultation issues.

- More, but less technically formal, dialogue is encouraged between local planners, businesses and business groups, economic development officers, and residents and communities too where they are affected.
- Planners feel there are plenty of employment sites available especially along the M4 corridor that could be used by Food and Drink sector businesses; businesses feel there is a lack of ready to use food grade premises.
- Generally, we would recommend provision of information materials for planners of the food sector, setting out the specific needs of food manufacturing businesses and food grade premises to enable them to better understand the sector and evaluate whether current employment sites are suitable.

## 2. Introduction

The study examines the extent to which there is available land for new premises and the extent that planning is a barrier or an enabler to development of premises supporting the sector to grow.

*Towards Sustainable Growth: An Action Plan for the Food and Drink (F&D) Industry 2014-2020*, (The Action Plan) makes a commitment to 'grow the Food and Drink sector by 30 per cent to £7 billion by the year 2020'.

To achieve this growth will require an increase in the number of available premises suitably graded for food processing. Development of these premises will often require planning permission.

Local Planning Authorities (LPAs) must ensure there is sufficient land to accommodate growth and that planning applications are dealt with positively and efficiently to facilitate growth.



### The research carried out for this report included:

- analysis of Food Standards Agency data to compile a map showing the general spread and location of food grade premises in Wales
- review of national and local planning policies for all 25 Welsh Local Planning Authorities
- review of 57 planning applications for F&D sector developments across Wales
- interviews with planning officers from 13 Local Planning Authorities
- in-depth case study interviews with 20 businesses and key stakeholder interviews with the Business Development Officer for the Food Sector at Carmarthenshire County Council and the Food Centre at Horeb.

### 3. The Food and Drink Sector in Wales

The Food and Farming sector is one of the Welsh Government's nine priority sectors, comprising of agriculture, on-farm production and food manufacturing. The Food and Drink supply chain in Wales includes primary production, manufacturing, retail, wholesale and non-residential catering.

In headline terms the Food and Drink supply chain in Wales employs 223,100 (2014) people, in 26,765 business units (2015), with a turnover of £16.8bn (2013).

However, the Food and Drink Manufacturing sector, which much of this report pertains to, is around 10 per cent of the size. This part of the sector requires food grade premises and for food safety and cleanliness reasons have very different requirements than agriculture, retail, wholesale or catering.

This report is better represented by the headline data below:

#### **The Food and Drink Manufacturing Sector in Wales<sup>1</sup>:**

- employs **22,100 people** (2014)
- in **555 business units** (2015)
- with a **turnover of £4.8bn** (2013) and
- **GVA of £1.45bn** (2013)
- **174 Great Taste Award winners** (2015)
- **4 protected food name products** - PGI Welsh Lamb, PGI Welsh Beef, Pembrokeshire Earlies PGI and Anglesey Sea Salt/Halen Môn PDO (2015).

#### **This part of the sector in Wales represents:**

- 1.7 per cent of all Wales employment
- 0.5 per cent of the total number of business units in Wales
- 4.6 per cent of turnover of the non-financial business economy in Wales. (UK average of 2.5 per cent).
- 5.3 per cent of the turnover of the UK food and drink sector

68% of the food and drink manufacturing business units in Wales employ fewer than 10 people. There are 20 large businesses in the sector, employing more than 250 people. Skill levels are below that of the UK.

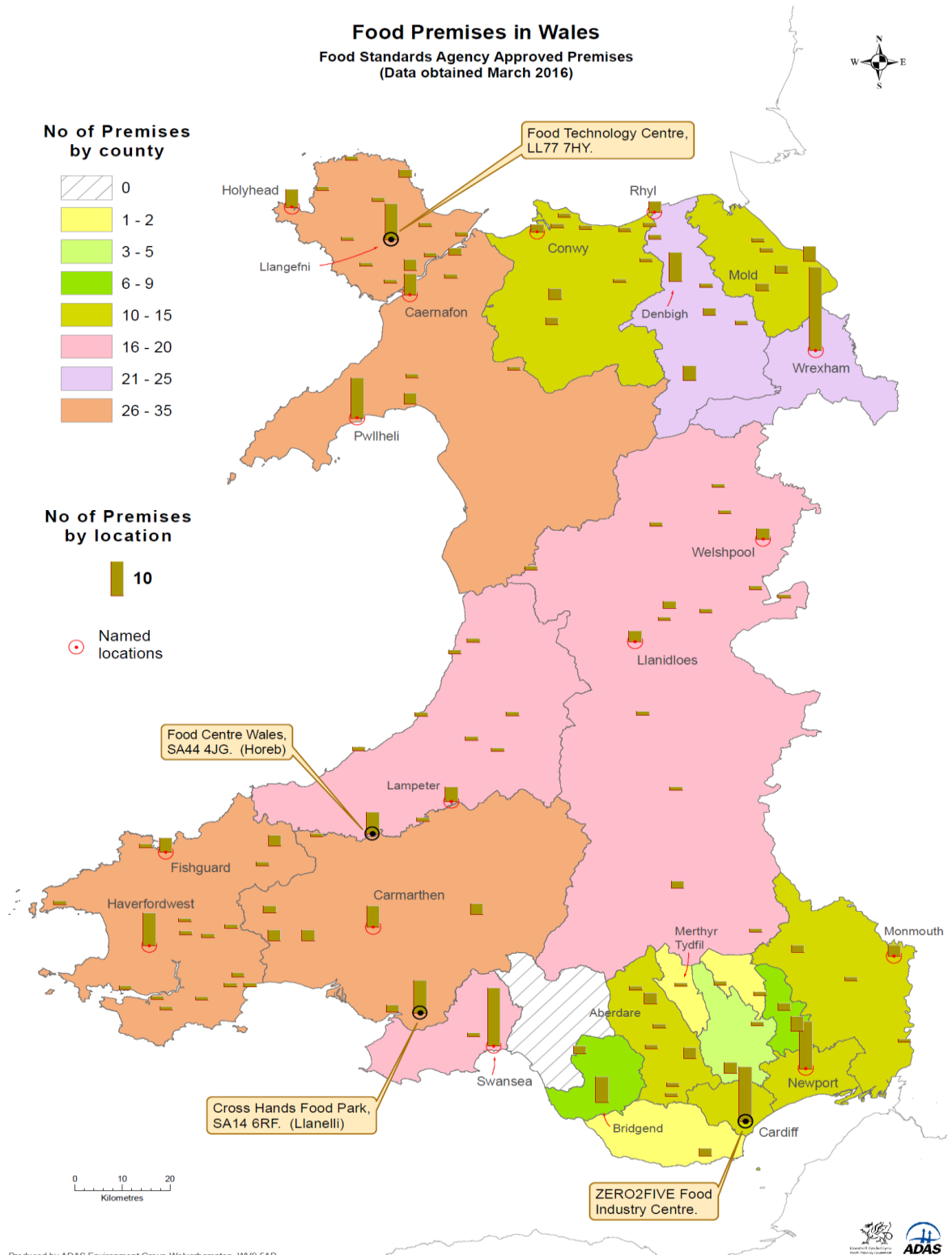
**Data calculated from the Annual Business Survey shows that the manufacturing of food and drink has grown 54 per cent in GVA terms during the past nine years (2005 to 2013).**

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<sup>1</sup> Food & Drink Wales; Welsh Government by Brookdale Consulting 2016

There are already some key locations for the food sector in Wales, which have been mapped in Figure 2.1 below.

**Figure 2.1: Food Standards Approved Premises in Wales**





#### 4. Support for the Food Sector in Planning Policy Documents

National planning policy contains strong support for developments that facilitate **economic development and employment**.

*National policy also requires LPAs to identify and allocate land for employment uses to meet business demand in their areas. National policy is explicitly supportive of the agricultural element of the sector but no direct or explicit support for the F&D sector as a whole.*

**Wales currently has 25 LPAs**, comprised of 22 unitary authorities and three National Parks.

*Planning applications for F&D sector premises are determined by these LPAs. The Local Development Plans in Wales contain some policies on rural diversification, agriculture, access to food retail and some commentary on food sustainability.*

Given the relatively slow economic growth over the last few years, **there remains a significant amount of land available for employment uses**.

However whilst there is a large amount of land in total, with notable exceptions such as the Food Centre Wales (Ceredigion) and Cross Hands Food Park (Carmarthenshire), **there is little land allocated for the F&D sector specifically**, and a lack of evidence available to evaluate whether allocated land is suitable for the sector.

**Sometimes food businesses need to be located away from other industries to avoid contamination**, suggesting that in some cases employment land on industrial estates may not be as suitable for F&D sector businesses as other industries. This point may not be widely understood by planners who may consider most B class employment land as suitable.

Overall, more research is needed to establish whether allocated employment sites across Wales are suitable for F&D sector businesses and, if not, ensure alternative sites or premises are available.

## 5. The Planning Application Process for Food and Drink Sector Businesses

**A review of 57 planning applications (2006 to 2016) for F&D sector premises in Wales was undertaken to gain an understanding of the experience of the F&D sector in gaining planning permission for new premises.**

### **The research examined;**

- the depth of information required
- the extent to which applications were refused
- the timescales for decision making.

### **Findings included;**

- most applications were sited on allocated employment sites such as industrial parks or previously developed land – **not greenfield sites.**
- applications on industrial parks and within **brownfield land** are generally approved more quickly - those in more rural areas were often more complex and took longer to gain approval.
- of the 57 applications reviewed, 49 were approved (either locally or at appeal), three were awaiting a decision, three were withdrawn and for two, the information was not available. **No applications were ultimately refused.**
- some businesses interviewed **perceived a risk** of spending money on an application in case it was refused - in general this risk appeared to be more of a perception than a reality.
- approximately 1/3 of the applications reviewed were approved under delegated powers and did not have to go to planning committee.

### **Planning applications included;**

- standard application requirements such as an Application Form, Location Plan, Plans (Floor and Elevations) and Design and Access Statements.
- some assessments on flooding and/or ecology.
- the anticipated number of staff and employees and visitors.
- deliveries and vehicle use and frequency.
- types of emissions (noise, dust and odour) all affected the detail and the cost associated with the application
- very few applications required an Environmental Impact Assessment, but they were more common for new premises.

**Pre-application or pre-planning consultation is useful and leads to quicker planning decisions;**

The research strongly supports the need for the applicant to carry out pre-application consultation with the LPA to establish the principle of the development and agree information to be provided as part of the application. **Applicants that carried out pre-application consultations tended to get quicker decisions** and fewer requests for further information after an application was submitted. They were also able to minimise planning conditions and avoid conditions that were onerous to discharge.

The benefits of F&D sector businesses to the local area always weighed in favour of the proposals, reflecting the support for employment generating businesses in national and local planning policies. Applicants that articulated the benefits of the schemes to the local area found that the benefits were considered to weigh in favour of the proposals by planning officers and Planning Committees. **There is therefore, a benefit in ensuring the benefits of the scheme are clearly articulated in planning documents.**

## 6. The Food and Drink Sector: A Planners Perspective

**Interviews with 13 planners from LPAs were also carried out including 10 planning policy team leaders, two overall planning managers and one development management team leader.**

The level of **knowledge about the F&D sector varied significantly** between individuals – no planners were able to refer to any spreadsheets or lists of food businesses or any documents about the sector in their LPA.

Planners were clear that **planning is an enabler for economic growth** and that the economic benefits of developments should and are recognised when determining planning applications.

However, only two out of thirteen interviewees stated that the F&D sector was particularly important to their area or that the sector is explicitly supported.

Some planners went further to state that planning could not and should not encourage one sort of economic growth or sector over another. However, the policy review showed that some Local Development Plans did explicitly support other sectors, particularly tourism.

When asked to describe the F&D sector, planners did not refer to any single definition, and no interviewees referred to the Standard Industrial Classification codes or categories of business as defined in the lists of approved premises by the FSA. As a result, the types of business discussed during interviews varied significantly, with interviewees discussing everything from food retail, hot food takeaways and farm shops, to Tesco distribution warehouses and agriculture. More guidance is needed to help planners understand the sector and therefore plan effectively for it.

**As a priority sector, there would be merit in actions to increase planners understanding of the F&D manufacturing sector and how their needs might differ from other industries.**

This could be delivered in a larger number of ways, including educational tools/ events for planners and encouraging F&D manufacturing sector businesses to engage more in policy making and pre-application consultation. There may be a role for the Food and Drink Federation and/or the Food and Drink Wales Industry Board in facilitating this.

## 7. The Planning Process from the F&D Businesses' Perspective

To understand what businesses think about the planning process we interviewed 20 F&D manufacturing businesses. Of these businesses, 17 were food manufacturers and three were distributors.

Most businesses operated from one site ( $n = 14$ ); three had operations across two sites and two companies (both distributors) operated from five sites.

### Key findings from the interviews were;

- businesses consider preparing a planning application as a financial risk because if the application is not consented money invested in the application would be lost.
- businesses said that planners did not always recognise the financial implications of requests for further information.
- **planning costs disproportionately affect smaller businesses.**
- overall, respondents called for more relaxed planning regulations to reduce the financial and time costs of the existing planning process to businesses.
- businesses found that when there were more complex issues, (ecological, environmental, protected species) planning teams were not adequately resourced to manage them effectively - this created an investment risk that hindered investment decisions.
- many businesses that had expanded had some kind of Welsh Government assistance
- in a significant minority of cases current and future expansion was more limited by access to utilities (i.e. drainage, electricity, gas, water supply) than the availability of space for expansion. For example, one business reported importing LNG every day from Avonmouth and Kent due to lack of gas infrastructure, whilst another ran generators to boost the electricity supply.
- where the build of new premises were public sector led, it is vital that the end user is able to have sufficient input to ensure the needs of their particular processes are met. In one unfortunate case, premises were built aimed for a particular business but did not meet the required standards for their product and so were largely unsuitable.

Businesses stated that planners should talk to businesses more to understand their business and growth needs. **Businesses recognised that the 'language' used by businesses and planning officers differed**, with both sets of interviewees noting that planners did not know what 'food grade premises' were. Businesses also felt that the language used in the planning application process was too technical, meaning that external planning consultants were required to interpret documents and submit applications.

**Some businesses had difficulty finding sites specific to food processing**, away from other businesses which may cross-contaminate foods, and being near essential utilities and services. Businesses felt that planning teams did not understand the detailed requirements of food grade premises.

**A divergence in opinion between planners and businesses exists. Planners feel there is a large number of available employment sites, however businesses suggest there is a shortage of suitable food grade sites, this finding could mean that:**

1. Businesses do not know about employment sites or that these sites are not 'available' to F&D sector businesses (e.g. they are in private ownership), and/or;
2. Employment sites proposed by planners are not suitable for some F&D sector businesses (e.g. because they are on industrial parks with businesses that may cross-contaminate or have insufficient utility supply), and/ or;
3. There is insufficient technical information available about employment sites for businesses to establish whether or not they are suitable.

Alternatively, it could be that planners are talking about land whilst businesses are talking about premises. Interviews suggest that many businesses would prefer to obtain food grade premises rather than build their own premises on an available site. It is not the role of planners to build premises but to provide employment land. **Therefore, it could be that third party assistance is needed to either help businesses build premises on available sites or provide food grade premises on food and drink business parks.**

Further research is needed to understand this divergence more precisely.

## 8. Conclusions and Recommendations

### Conclusions

1. Planning policies at the national and local level are strongly supportive of economic development and developments that provide employment opportunities in general.
2. However, policies are not specifically supportive of the F&D manufacturing sector and can be restrictive of development of F&D manufacturing in rural areas.
3. There are a large number of available employment sites across Wales. Therefore, the issue is not the existence of sites, but whether those sites are deliverable and suitable for the F&D sector. Some businesses commented that sites in industrial areas were often unsuitable due to issues of contamination.
4. The majority of applications for new or expanded food grade premises are consented – so in most cases the planning system does not appear to be preventing businesses expanding (although it may be slowing the process).
5. Businesses were much clearer about there being a **lack of purpose built food grade premises** than a lack of land to build them on. Therefore, this may not be a ‘planning’ issue but more of a development issue.
6. The need for premises differs across Wales. In some areas available food grade premises are taken up as soon as they become available and businesses report more are required, whilst in others there are vacant food grade premises available.

The Welsh Government Food Division reported that they regularly have businesses state that they desperately need to expand but there are no suitable premises or sites available and that most industrial premises are unsuitable because landlords will not allow upgrades to food grade premises as it would limit future use.

Businesses interviewed as part of this study similarly reported issues identifying food grade premises and suitable sites, although had all managed to overcome these issues so that they did not prevent expansion. However, businesses did report that issues slowed expansion and in some cases meant that initial premises were some distance from the desired location leading to costs associated with transporting raw materials and staff. We would also note that due to the topic of the study, interviews were focused on businesses that had recently had interaction with the planning process so was naturally biased towards businesses that had managed to find sites. It is likely that many more businesses experienced issues and were unable to overcome them, and consequently, did not proceed to the planning application stage.

## **Recommendations**

**More detailed recommendations are contained in the main report.**

The key recommendations are to:

1. Carry out a 'mystery shopper' exercise to **test the suitability of LPA allocated employment sites for F&D sector businesses.**
2. **Create small starter units** like those at the Horeb Food Centre across Wales to accommodate new and emerging businesses.
3. Local Planning Authorities should provide specific employment space for F&D sector businesses or business park developers to build their own premises in locations suitable for the sector with adequate infrastructure and transport through creation of **Cross Hands style food parks** across Wales and/ or ensuring current employment sites are suitable.
4. Create **a fact-sheet or information pack for planners** about the needs of the F&D sector and how food grade premises differ from other 'B' uses in their needs.
5. Encourage planning and economics officers to run **F&D consultation workshop events to stimulate expansion plans** and discuss considerations.
6. Ensure documents developed for the F&D sector to assist with planning and for planners about the F&D sector are written in **plainer language.**



7. Increase F&D sector **engagement in the planning process** by:
  - a. appointing a coordinator to coordinate responses from businesses to planning policy documents (e.g. through the Food and Drink Wales Industry Board)
  - b. appointing a representative to respond on behalf of the sector in support of F&D sector planning applications
  - c. encouraging businesses to undertake pre-application consultation at an early stage<sup>2</sup>
8. **Increase support for the F&D sector in national and local planning policies.**
9. Where public funding is used to develop premises, **ensure the premises are suitable for the end user.**
  - a. funder to ensure that the end user is fully involved in the design process and has the ability to act if the development does not meet their needs.
  - b. ideally, the developer should be answerable contractually to both the funder and the end user.
10. Identify whether there are key actions that can be taken to **improve infrastructure** to enable further sector growth.
11. Provide **access to specialist planning assistance** to F&D sector businesses to help them navigate the planning process. This may be particularly beneficial for small businesses for whom planning costs and risks can be prohibitive to expansion.

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<sup>2</sup> It is recognised that this will become necessary from August 2016.