

FOOD & DRINK MANUFACTURING

SENTIMENT OF THE SECTOR

AUTUMN 2020 REPORT



Food & Drink Federation, 6th Floor,
10 Bloomsbury Way, London WC1A 2SL
020 7420 7105
www.fdf.org.uk
members.enquiries@fdf.org.uk



Businesswise Solutions, The Energy Centre, 16 Lindred
Road, Lomeshaye Industrial Estate, Nelson BB9 5SR
01282 611329
www.businesswisesolutions.co.uk
enquiries@businesswisesolutions.co.uk



FOREWORD



**Nicki Hunt,
Membership & Commercial
Director, FDF**

Nicki Hunt is the Director of Membership and Commercial Engagement at the Food and Drink Federation, the industry body for food and drink manufacturing.

During the Covid-19 pandemic Nicki has been the incident manager for the organisation, helping member companies through a variety of challenges. Prior to FDF, Nicki held senior management roles in the public sector and worked in production for the BBC.

I was delighted to take part in the roundtables with our affiliate member Businesswise Solutions. It's been a tough year for food and drink manufacturers, contending with the Covid-19 disruption and also, at the time of writing, uncertainty as the end of the EU transition period approaches.

It was fantastic to connect with so many businesses through the roundtables. What struck me was that although it has been difficult times, food and drink manufacturers are incredibly adaptable and resilient. When the usual channels for sales are restricted or cut-off, they have created others, when staffing has been a problem, they have found different ways of working. They have worked creatively and relentlessly to find a way to keep products on shelves.

We're not out of the woods yet though. Those supplying into the hospitality sector face uncertain futures. Whilst there is rightly a focus on keeping the restaurants and pubs running we are pushing for support to be extended to the longer supply chain of our sector.

We look forward to a long and productive relationship with Businesswise Solutions and please do not hesitate to contact me at nicki.hunt@fdf.org.uk to find out more about how FDF helps the sector.

CONTENTS

METHODOLOGY	4
COMPANIES REPRESENTED	5
COMPANY FIRMOGRAPHICS	6
REPORT PARTICIPANTS	7
KEY FINDINGS	10
IMPACT OF CORONAVIRUS	11
IMPACT OF BREXIT	15
IMPACT OF SUSTAINABILITY & NET ZERO	19
OTHER DISCUSSION TOPICS	22
CLOSING COMMENTS	25

METHODOLOGY

Three virtual round table events were held during the month of September 2020 with the aim of understanding how companies in the Food and Drink Industry were feeling about the sector now, and into the future, and how they were dealing with the challenges on their plate now, and what they felt needed to happen to overcome future challenges.

Participants were selected and recruited to represent a variety of industries, business size, role function and seniority. Prior to the round tables, every participant also completed a short questionnaire asking them to indicate positively, negatively or neutrally on a range of topics and issues.

INTRODUCING THE ROUNDTABLE HOST

When I was asked by Businesswise Solutions to host three roundtables for the food and drink industry I didn't know what to expect.

Given the combination of Covid-19 and Brexit I was half expecting a downbeat discussion - but I couldn't have been further from the truth.

The three surveys we did pointed to a high level of confidence both now and into the future. It was as if the phrase 'just get on with it' was written for the UK's food and drink sector.

The word that came across in all the roundtables was resilience but it's clear the sector needs more support and direction from government.

The uncertainty over a Brexit trade deal is placing intolerable pressure on a sector that is already wobbling from the impact of Covid and is having to deal with issues like sustainability, packaging and recruitment.

One of the other things that struck me was the ability of the sector to innovate. One of the Wales-based companies had won new business by taking part in a couple of virtual overseas trade shows.

My final takeaway from the three roundtables was that the food and drink sector hasn't lost its sense of humour. One of the chocolate cake manufacturers explained his confidence. "If people want to celebrate they have a chocolate cake," he said. "And if they want to cheer themselves up they have a chocolate cake."

It's hard to argue with the logic.



**Chris Maguire,
Executive Editor,
Business Cloud**

Chris Maguire is the executive editor of business tech magazine BusinessCloud and has been a journalist for nearly 30 years.

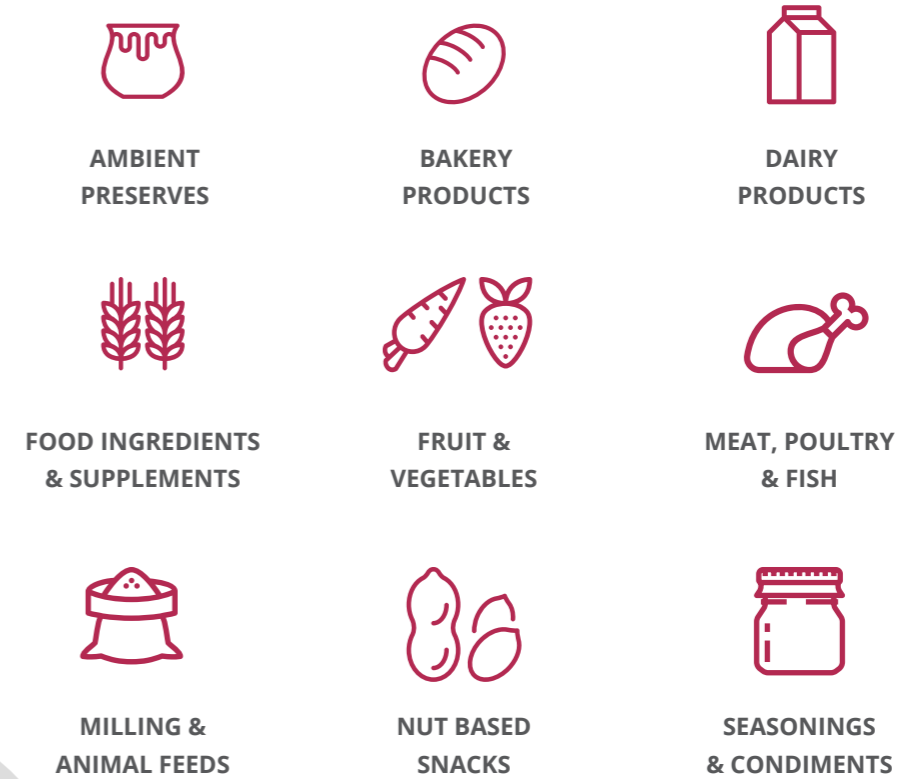
He founded his own boutique PR agency iMeg Partnership in 2019 and has hosted more than 500 events.

COMPANIES REPRESENTED

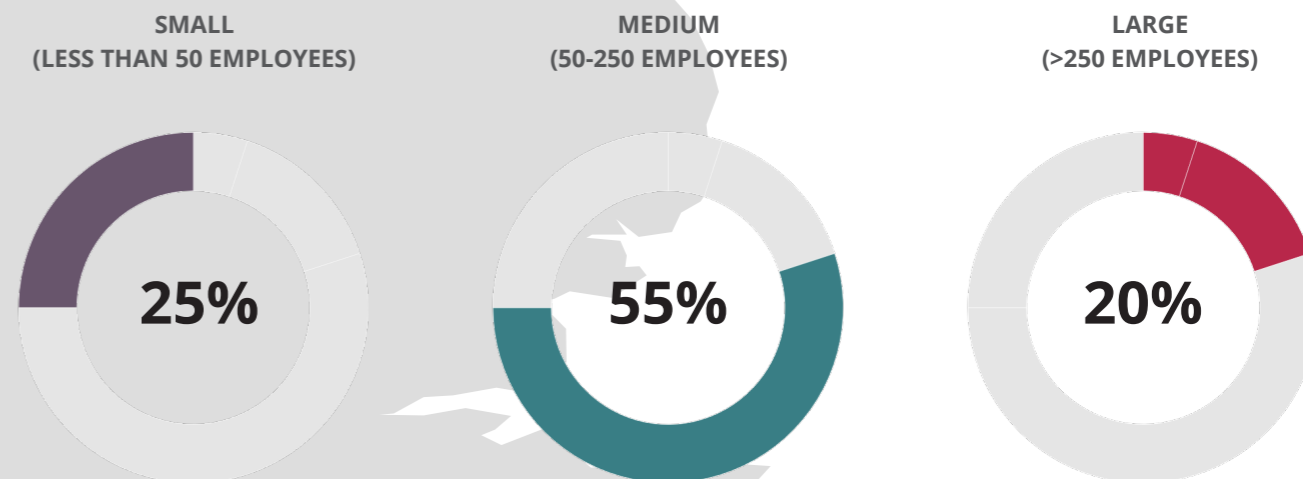


COMPANY FIRMOGRAPHICS

INDUSTRY



COMPANY SIZE



REPORT PARTICIPANTS



Alison Lea-Wilson,
Director,
Anglesey Sea Salt

Anglesey Sea Salt is enjoyed around the world by chefs, food lovers and even Barack Obama.

It has been served at the London 2012 Olympics, political summits and royal weddings and is a vital ingredient in Green & Blacks chocolate and Piper's Crisps.



Ciaran Murray,
Technical Director,
Babease

Babease launched in 2016, after looking into what people were feeding their babies. It was bland and overly sweet.

We want to show that baby food can be delicious, so we make nutritionally balanced, veg-led food for babies available nationwide.



Craig Partridge,
UK H&S Manager,
Mademoiselle Desserts

The Mademoiselle Desserts group offers a wide range of delicious desserts and cakes.

With a versatile range encompassing snacking, premium desserts, artisanal handmade cakes and bespoke innovation we are sure to cater to your requirements.



Justin Barrett,
Finance Director,
Frylite

Frylite is Ireland's leading supplier of fresh cooking oil and collector of waste oil.

With a reputation that has been built on exceptional quality products and service, we have an unbeatable wealth of knowledge and expertise of the food service sector throughout Ireland.



Liz Parkinson,
Managing Director,
Extons Foods

Extons Foods has been the UK's largest independent cheese slicing company for some time.

They now supply grated, block and continental cheeses to sandwich manufacturers, wholesalers and food service providers across Europe.



Maria Whitehead,
Director,
Hawkshead Relish

Hawkshead Relish are artisan producers of award winning preserves established in 1999.

The range has grown to over 100 innovative products holding over 60 'Great Taste' awards and 'Speciality Producer of the Year' from the Guild of Fine Food.



Jason Hiley,
Managing Director,
The Cake Crew Limited

The Cake Crew is a privately-owned, large-scale cake manufacturer employing around 350 members of staff.

We're consistently one of the top 15 fastest growing Food & Beverage businesses in the UK, based on great product development and a focus on delivering for our customers.



Jim Freer,
Head of Purchasing,
Campbells Meat

The Campbells story started over 100 years ago when a young Thomas Campbell took up his craft as a butcher in 1910.

Over a century later, and his legacy still lives on in the Campbells name. It's his passion for Scottish produce that has been passed on from father to son and brother to brother.



Julia Wood,
Managing Director,
PDM Produce (UK) Ltd

PDM Produce are the UK's first vertically integrated fully prepared bagged salads operation.

We're third-generation farmers who believe in nurturing the ground we work on to produce great-tasting whole head and prepared salads.



Matt Carr,
Director,
Carrs Pasties

Founded in 1938, the Carrs Pasties recipe has been handed down through three generations.

Our mission is to create great tasting pasties, and sausage rolls using only the finest ingredients - selectively sourced and not including artificial additives.



Matthew Acheson,
Finance Director,
CSM Bakery Solutions

CSM Bakery Solutions is a global leader in bakery ingredients, products & services for retail & food service markets as well as artisan & industrial bakeries.

Through the dedicated efforts of more than 7,000 employees, CSM serves customers in 100-plus countries, providing specialized ingredients & finished products.



Neil Richardson,
Managing Director,
Humphrey Feeds Limited

Founded in 1932, Humphrey Feeds & Pullets is a family run business with a specialist knowledge of poultry nutrition and husbandry, going back over three generations.

Today, we are proud to be the UK's leading dedicated poultry feed and pullet provider to the independent poultry farmer.

REPORT PARTICIPANTS



Per Rehné,
CEO,
Clasado Research Services

Clasado Research Services are a biotech company based in Reading, we produce prebiotic which we mainly sell into the supplement industry and, to some extent now, the food industry.

To feed you good bacteria and give you a balanced gut, that's what it's all about.



Philip Sharp,
Director,
Harder Bros

Harder Bros manufactures natural sausage casings, we harvest the small intestine of sheep in the abattoirs and process it in our plant in Leeds and overseas.

We distribute to all direct manufacturers like supermarkets and 50% of our sales are overseas.



Richard Hampton,
Director,
OMSCO

Omsco was formed in 1994 by a group of five like-minded dairy farmers with a shared belief that there is simply a better way to farm.

Omsco has over 250 farmer members across the UK, producing more than 250 million litres of organic milk and managing over 65% of the country's organic milk supply.



Ross McMahon,
CEO,
Kendal Nutricare

Located in Kendal Cumbria, on the edge of the English Lake District National Park, Kendal Nutricare, specialises in manufacturing world-class nutritional food products.

Our range caters for consumers across their entire life-cycle, from adult meal replacements to infant and toddler milk and speciality mixes.



Sara McInnes,
Head Of Procurement,
Wensleydale Dairy

The Wensleydale Creamery in Hawes is famous the world over as the home of Yorkshire Wensleydale cheese, which achieved European Protected Geographical Indication (PGI) status in December 2013.

Yorkshire Wensleydale cheese is the only one actually made in Wensleydale itself.



Steve Morgan,
Managing Director,
Synergy Flavours

Synergy Flavours is a leading manufacturer and supplier of flavourings, extracts and essences, with a truly global footprint.

We have extensive experience across the food and beverage industry, developing high quality taste solutions which inspire innovation and can help you stay one step ahead of the competition.

JOB FUNCTION



LEADERSHIP/
OWNERSHIP



FINANCE



OPERATIONS



COMMERCIAL

KEY FINDINGS

The Food & Drink Manufacturing sector is resourceful, resilient and innovative. In a sector that is constantly evolving and adapting to change, these traits are critical in order for businesses to thrive.

The sector's collective reaction to the polarising impact of COVID-19, Britain's exit from the EU and mounting pressure for sustainable initiatives from both consumers and government, demonstrate these positive traits.

However, the sector needs more support in the form of clarity, transparency and consistency from government, and for its entire value chain to engage in collective discussions around how the UK should move forward to meet some of the challenges that lie ahead.

KEY STATS

- ✓ **55%** feel that the UK Government does not support the sector well enough
- ✓ **65%** feel their value chain are working with them to create a better future
- ✓ **75%** feel uncertain about the current state of the industry while only **25%** feel positive
- ✓ **75%** feel that the future outlook for the sector will either remain the same or improve
- ✓ **25%** think the sector is on course to miss environmental and sustainability targets

MAIN DISCUSSION TOPICS



COVID



BREXIT



SUSTAINABILITY

CORONAVIRUS

IMPACT OF

OVERVIEW

There is no doubting the fact that COVID-19 has had a major impact on the Food and Drink Manufacturing Sector, but unlike some other sectors, this impact has been quite polarising within the industry.

DEMAND

Those supplying products into hospitality, travel/ tourism and other such sectors have seen demand drop off a cliff overnight, whilst those supplying into retail have seen volumes increase and found keeping up with demand the main challenge. For most, the ongoing, peaky, unpredictable demand has made business planning a major challenge and source of considerable headache. Overall, 60% of businesses surveyed saw a considerable impact on sales and forecasts during the first 6 months of 2020.

LABOUR

For some businesses, access to overseas seasonal workers was, for a time, a major concern during the period where our borders were restricted, and is perhaps a glimpse into the future with Brexit around the corner and the uncertainty around the classification of this workforce and their ability to recruit for future seasons. But while labour was seen as a major challenge, the food and drink industry supply chain managed to work through, with availability of raw materials and ingredients only impacting 30% of those businesses surveyed.

EMPLOYEE SAFETY

The impacts on the key worker workforce within the sector also can't be ignored, with many citing a fully functional test and trace system and easy access to testing being critical to ensuring that their businesses stay productive to meet the demands of the market, particularly with a second wave now coming to life. During the first lockdown, 80% of those surveyed had to make physical changes to their sites in order to protect their workforce, with 45% considering these changes to be 'considerable'.

PROFITABILITY

All of this has had major impacts on turnover and profitability throughout the sector and whilst schemes and incentives such as the Coronavirus Job Retention Scheme (Furlough) and Eat Out to Help Out have been welcomed by the sector, the real cost of COVID-19 is yet to be established, but 85% of businesses surveyed have seen an impact on their cashflow availability and budgets.

INNOVATION

Most have had to innovate during this period and have invested in new channels for their products, such as online direct to consumer offerings, while others have had to adapt their product range to suit new consumer and value chain demands, and most have had to make significant changes to their operating

procedures to ensure business survival, such as 50% of businesses making alterations to shift patterns to accommodate working in 'bubbles' or avoiding contact during shift handovers. From a management and communication perspective, 90% of those surveyed made changes to the ways in which communications are managed within the business.

ENERGY

Energy demand is a useful proxy to help visualise the impact on the sector, with the graph showing a seven day rolling average of energy demand for a portfolio of Food & Drink manufacturing businesses during the first 7 months of 2020.

Energy demand for a portfolio of food and drink manufacturers during 2020, Businesswise Solutions



Many businesses will have breached contractual obligations regarding minimum levels of energy that would be consumed and may still face penalties into the future.

The other major impact that COVID-19 has had on the sector from an energy perspective is that obtaining credit has become more challenging, with the number of contract offers requiring security deposits roughly doubling since pre COVID-19.

SUMMARY

At the time of writing there were significant fears of a second wave and what that might do to the sector and the wider economy, the main sentiment of the focus groups was that the sector on the whole has so far remained strong throughout and will probably continue to do so. This is mainly due to the resilient nature and focus the businesses and individuals that make up the sector, not willing to give up on the cause and ensure business success which translates into strong and stable employment for millions of workers.

FINDINGS & COMMENTS

80 PERCENT HAVE MADE SIGNIFICANT PHYSICAL CHANGES TO THEIR SITE OPERATIONS

100 PERCENT HAVE EXPERIENCED AN IMPACT ON SALES FORECASTS, BUDGETS AND CASH FLOW

85 PERCENT HAVE HAD TO MAKE CHANGES TO SHIFT PATTERNS

80 PERCENT HAVE EXPERIENCED DIFFICULTIES SURROUNDING SUPPLY CHAIN

DEMAND

Probably the biggest part of our business was food service - pubs, restaurant groups and sandwich shops - so we were hit quite badly by COVID. We do retail but that was probably only around 25% of our business.

We've seen a real change to people's cooking habits in recent months that has meant products like cheese and butter have seen sharp increases in demand.

Throughout COVID our demand has been off the scale, really. It's unusual to have such high demand in March, April, May as opposed to the traditionally busier summer months. Our challenge has mainly been making sure we keep ourselves stocked up, and that we get our goods out to customers quickly.

INNOVATION / ADAPTABILITY

Our number one challenge has always been range space, and we've always suffered from range squeezes. As more and more shopping moves online to 'dark stores', this presents an opportunity for more of our ranges to be offered. For smaller players, this will make it far easier to enter the market which is a great sign for innovation.

The last 6 months have been strange, we took the decision to go completely remote, giving up the lease to the office. We feel as though we're setting ourselves up for growth, all of our products are up and running now, with demand going up.

ECONOMIC UNCERTAINTY

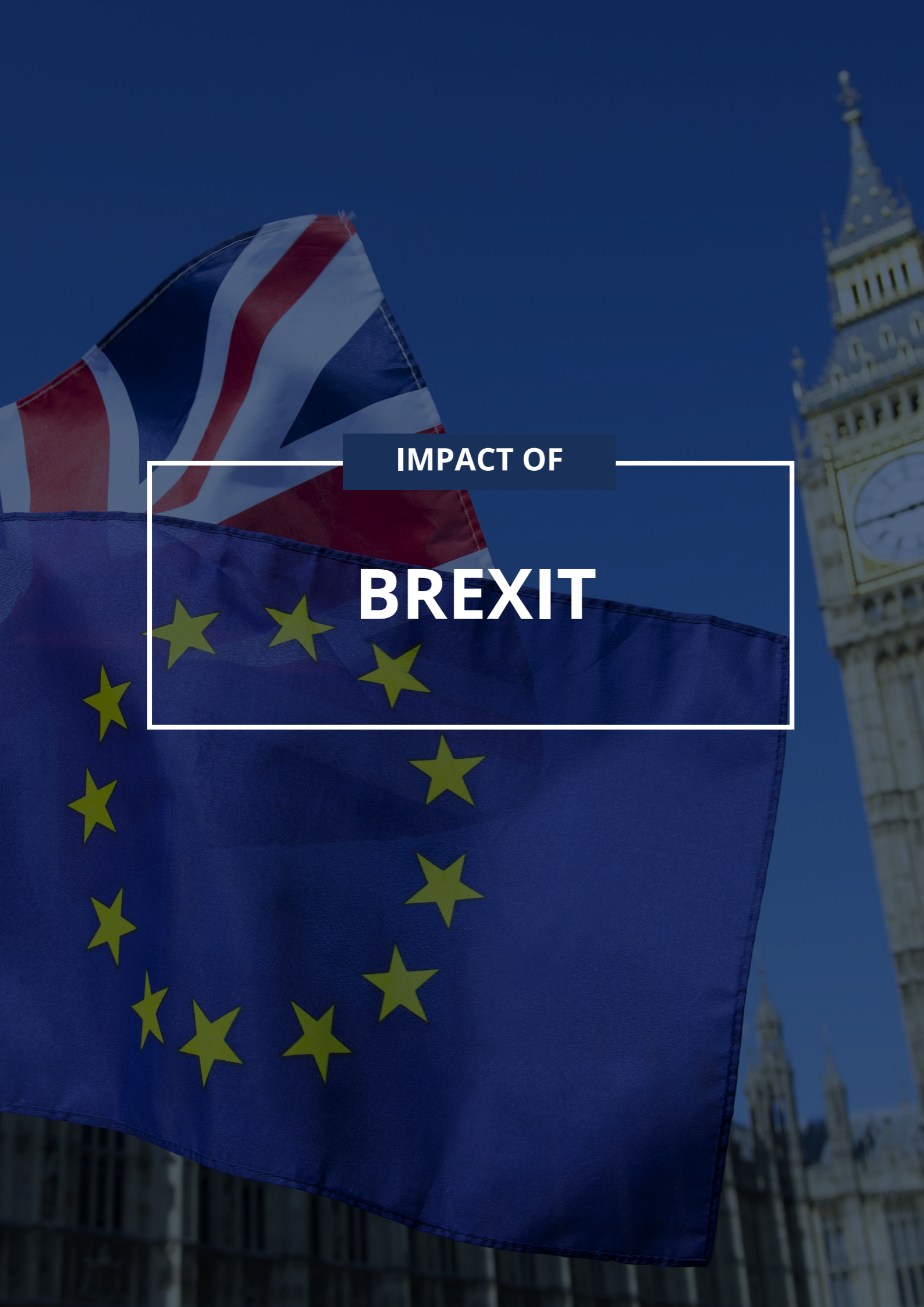
Last year, our turnover was £55m, but this year it'll be down on that which is unfortunate given we had a fantastic first three months to the year. When the initial lockdown happened we probably lost 80-90% of our sales overnight.

We decided to go into hibernation and send 100 people home because it wasn't safe. Although we're back up and running now, we're trading at 74% of our normal business, so we're missing 26% of business.

LABOUR

COVID certainly has affected us, the biggest challenge of COVID is keeping our workforce in work, using track and trace. Our drivers are specialists so it's not as though we can just hire someone else quickly, so that's one of our biggest fears at the moment.

We had to release 40% of our staff just before Eat Out to Help Out, and now we're struggling to keep up with demand as it's shot through the roof.



IMPACT OF

BREXIT

OVERVIEW

There are very few food and drink manufacturers in the UK that operate with a 100% British supply chain and customer base, so this issue will impact the vast majority of businesses in the sector who either rely on the existing relationships with the EU for supply chain or for market access, or both.

TRADE AGREEMENTS

Failure to negotiate the required levels of trade agreements could result in catastrophic difficulties for the sector, and result in considerable levels of business failure if no support mechanisms are put in place. In fact, 65% of those surveyed were 'not feeling confident' about how Brexit would impact their business, while the other 35% were 'unsure, but hoping for the best' with not one single respondent signalling a confident outlook.

GOVERNMENT HANDLING

The overwhelming sentiment of the industry is that the government's handling of Brexit has been less than helpful for businesses within the sector. There is a lack of information, clarity and direction which is causing uncertainty on a massive scale, preventing businesses from planning ahead or investing in major projects. The Food & Drink Federation currently have hundreds of unanswered questions sat with the UK Government, specifically around how the Food and Drink Industry should be operating in the lead up to the next major milestone at the end of 2020.

LABOUR

Over ¼ of the workforce directly employed by the food and drink manufacturing industry are from EU countries, which represents a major challenge when the UK Government comes to classifying these workers and determining whether they have the right to work in the UK going forward. This was echoed by a

“

There was consensus from those involved that COVID-19 has provided the perfect cover for a poorly handled UK exit from the EU, and that the economic impact on the sector, and that of the UK economy as a whole will never be accurately measured.

ZERO OF PARTICIPANTS
PERCENT ARE FEELING
CONFIDENT
ABOUT BREXIT
AND THE IMPACT ON THE INDUSTRY

number of businesses during our research. The worst case impact would be more than 100,000 open jobs that the industry would find difficult to fill using the UK working population, leaving supply chains short, having a major impact on the UK food supply chain.

LOGISTICS

Logistical impacts are worrying most, if not all businesses, particularly in respect to selling products into Ireland, with concerns over paperwork, and products moving in and out of the UK from and to mainland Europe. There are major concerns over delays at ports causing food quality deterioration and making the planning process to meet demand a lot more difficult.

COMPANY STRUCTURE

Where cross border parent-child relationships exist, there is some nervousness around the viability of the UK subsidiaries should the trade negotiations and resulting arrangement be unfavourable, which could lead to more UK jobs being put at risk alongside more productivity and valuable GDP from the sector moving overseas.

CONSULTATION

Some voiced concerns that the UK Government needs to work closer with UK food and drink manufacturers, but also the major supermarkets retailers who essentially control the market. Failure to do so will leave food and drink manufacturing businesses wide open to poor decision making and unfavourable policies.

MEASURING IMPACT

There was consensus from those involved that COVID-19 has provided the perfect cover for a poorly handled UK exit from the EU, and that the economic impact on the sector, and that of the UK economy as a whole will never be accurately measured.

SUMMARY

The underlying tone from every group we spoke to, was that the sector has demonstrated resilience throughout every challenge that has been put in front of them, and Brexit is no different. Ultimately, it will be down to the individual businesses to make sure that Brexit works, and that businesses do what they need to do to remain viable, profitable, and continue to create wealth and jobs in the UK economy. The industry is crying out for clarity, information and the ability to plan ahead, the businesses will do the rest.

FINDINGS & COMMENTS

What is your view on Brexit and its impact on the Food & Drink industry?

35 OF RESPONDENTS
ARE UNSURE
ABOUT BREXIT
BUT HOPING
FOR THE BEST
PERCENT

65 OF PARTICIPANTS
ARE NOT FEELING
CONFIDENT
ABOUT BREXIT
PERCENT

LOGISTICS (IMPORTS)

“ Northern Ireland was effectively getting EU status so we thought that would be a massive plus for us, most of our imports into Ireland come from the EU. Our concerns are not the tariffs or the paperwork, but delays at the ports or where our goods are coming on a vehicle wherein someone else's business has not filled their paperwork in time, causing delays. ”

“ A major concern for us is a physical border between NI and ROI, the extra paperwork we can handle, but delays caused by a physical border would present a major challenge. ”

LABOUR

“ We don't export much as a business so we're not as worried about its effects. A downturn in tourism could affect our business, and our workforce is around 53% non-UK born staff. ”

“ Realistically, our biggest challenge is Brexit and getting workers from Europe in the same capacity as we could in years gone by. ”

SELLING INTO EUROPEAN MARKETS

“ As it stands now, I can't export into Ireland without an EU address, which is impossible for our company. We need far more clarity. Our labelling takes 16 weeks, so if we suddenly become non-compliant we would probably go under. ”

“ Our members are massively focussed on both Brexit and COVID. There's a small number of businesses that are purely domestic, but they're very much the minority. ”

INVESTMENT

“ We wouldn't do any major projects with Brexit looming, but we have to remain optimistic. We will continue to make improvements to what we're doing and we haven't stopped spending - but we wouldn't do any major new production lines at the moment. ”

“ We have plans to move into the Irish market, but the challenges of exporting in the current climate are holding us back at the moment. ”

“ There isn't much encouragement to grow overseas, due to Brexit. There hasn't been much support in terms of Brexit, other than just talking about it. Right now our product doesn't require a health certificate or a vet, but we'll have to do all of that when we leave. The other issue is that there may be longer delays due to increased borders. ”

IMPACT OF SUSTAINABILITY & NET ZERO

OVERVIEW

There is no doubt that while sustainability is an important issue in the food and drink manufacturing industry, the short term focus has been dominated by Brexit and COVID-19.

2050 TARGETS

With 2050 being the current UK target for net-zero carbon emissions, the work done so far by the sector in reducing its carbon footprint is a great start, but there is still much more to do but with such a long horizon and no meaningful milestones between now and 2050, businesses cannot be blamed for putting sustainability towards the middle of the agenda rather than at the top.

REDUCING CARBON

The industry is one that takes the challenge as seriously as any other, with Food and Drink Federation members reporting an absolute reduction of 53.2% in CO2 emissions from their use of energy in manufacturing operations in 2018, compared to the 1990 baseline, and all participants we spoke to coming to a consensus that it should be a priority, but one that has a longer term horizon. The focus right now, is business survival.

CONSUMER DEMANDS

What is clear, is that consumer demands are shifting. Individuals are not satisfied with the current actions of businesses, with 93.5% of consumers agreeing that it is the responsibility of businesses to act sustainably, but 4 in 5 feel that not enough is being done to address issues around sustainability and climate change (GlobalData "Sustainability in UK Retail, 2019").

BUSINESS SENSE

Whilst there was an obvious consensus that sustainability is an 'overall good thing' amongst the businesses we spoke to, 45% thought that the shift

80 OF RESPONDENTS
ARE NOT CONFIDENT
THE INDUSTRY IS
PERCENT ON TRACK TO MEET
2050 CARBON NET ZERO TARGETS

towards sustainability would be a positive one for their business, while 55% were not sure whether it would have a positive or negative impact, if any at all. What was clear from the discussions, was that the sector would adapt and mould itself to suit the market conditions as they present themselves.

PLASTIC

The 'war on plastic' gained traction from the BBC's Blue Planet 2 documentary and subsequently a number of retailers, especially grocers such as Tesco and Marks & Spencer, quickly reacted to this rise in consumer interest by reducing use of single-use plastics. This movement is being pushed up the supply chain and quickly becoming the responsibility of the food and drink manufacturers. It is another example of the sector being driven by its value chain, rather than government policy.

CAP-EX

One of the key challenges to delivering on sustainability pledges is the availability of capex for large scale projects such as switching in more efficient plant machinery, investing in on-site renewable generation, or battery storage to help take the strain off the national grid during peak times. With the current economic uncertainty caused by both COVID-19 and Brexit, this has caused many businesses to hold off on signing up to significant investment, but they haven't stopped spending altogether.

NAVIGATING TOWARDS NET ZERO

One of the simplest ways that the sector can move a step closer towards net zero would be to pledge to buy only 100% renewable energy. This is something that has seen significant growth over the last 5 years and will continue to do so. Premiums on 100% renewable energy are now very low and in many cases comparable with traditional brown energy.

Offsetting is another option and there are now many sustainability projects around the world which businesses can invest in to offset their carbon footprint, from tree planting to protecting against deforestation to projects that alter the cooking methods of those in the third world to a cleaner source, there is a multitude of options that can play into the hands of a businesses overall CSR strategy.

“

What is clear, is that consumer demands are shifting. Individuals are not satisfied with the current actions of businesses, with 93.5% of consumers agreeing that it is the responsibility of businesses to act sustainably, but 4 in 5 feel that not enough is being done to address issues around sustainability and climate change (GlobalData "Sustainability in UK Retail, 2019").

FINDINGS & COMMENTS

20 PERCENT FEEL THE INDUSTRY IS ON TRACK TO MEET 2050 CARBON NET ZERO TARGETS

45 PERCENT SAW CONSUMER BEHAVIOUR CHANGE AS A POSITIVE DRIVER FOR THEIR BUSINESS

LOWER PRIORITY

Sustainability is a long term issue, so our short term attention has gone to other things but sustainability is still one of our key long term goals in the background

Sustainability has fallen down the pecking order, it still underpins our business though. We were looking at being a certified B Corp, but that's fallen down the list as well.

CONSUMER DEMAND FOR CSR

Sustainability is a big deal for us, our customers are UK retailers and everything we do is around improving our footprint.

CAPEX AVAILABILITY

Nobody's going to put the CapEx in sustainability during this period, with a lot of renewable projects having been put on hold - but I think it will pick up again.

OTHER DISCUSSION TOPICS



SUPPORT FOR THE SECTOR

Due to a recent surge in the F&D retail market, the banking sector has assumed there were no problems in the F&D industry and may have ignored the overall industry in terms of support, leaving those supplying the hospitality sector in jeopardy.

I don't think we necessarily need more support from government in our sector, it's clarity we really need.

The government needs to put policies in place, that reinstates the farming of fruit and vegetables in this country.

COST OF PRODUCTION



The thing the farming industry has to do is become more efficient, if you look at Europe their cost of production is far less than the UK.

There are definitely more ways the UK food industry can become more efficient, which will make it a better industry for export.



INNOVATION

The companies that adapt, will succeed; and the companies that, don't, won't - I think that's the bottom line to be honest.

We've just launched two virtual trade missions to Australia & Singapore and we're looking at virtual trade missions to 6 further countries.

Anyone who fails to adapt will just fail - we have changed massively to diversify, change and adapt to this situation.

FOOD AND DRINK FEDERATION HOW WE CAN HELP YOUR BUSINESS

Whatever your size or business, making the best use of your time and resources is key.

FDF membership can help you.



With a range of strategic, operational and practical benefits, FDF membership will equip you with the expertise to develop, grow and sustain your business.

Stay ahead

latest industry advice and alerts on what's important to you

Reduce your risk

dedicated events, training and webinars plus help with challenging media issues

Access expert knowledge

FDF in-house technical and regulatory experts covering food safety and nutrition to sustainability and packaging

Expand your network

connect with industry leaders through networking opportunities and events

Be part of something

help formulate industry reaction to new legislation and policies

**Gain an advantage -
join FDF today!**

Interested in joining the voice of UK food and drink?

Contact us to learn more

Email: Members.Enquiries@fdf.org.uk

or visit: www.fdf.org.uk/whyjoinfdf

fdf

CLOSING COMMENTS



WILL GOLDING
Food & Drink
Sector Specialist,
Businesswise Solutions



The danger is that important changes to the way businesses are charged for their electricity which could have a significant impact on future profitability could slip through the net.

It was really insightful to sit in on the round table discussions and compare what was being said with what we hear from clients and other companies we're speaking to every day. The sector is certainly resilient and has shown ways to adapt to the prevailing market conditions.

What was really clear is where these businesses are focussed right now; COVID-19 and Brexit. The danger is that important changes to the way that businesses are charged for their electricity which could have a significant impact on future profitability could slip through the net.

At the centre of these changes; Ofgem announced the reforms in 2017 in a bid to create a fairer energy network, the purpose being to ensure network charges are cost-reflective and paid for by the relevant parties. This means that businesses using electricity during peak periods currently pay premium prices for these periods to support the transmission and

distribution networks. From April 2022 these costs will be recovered using a flat unit rate based on a maximum demand banding system.

For many businesses, this might result in a positive cash impact, but this can only be realised if the right contracts are in place. That's why it's so important that all businesses with a Half Hourly metered supplies take action now to reduce any liability and / or maximise the savings opportunity because the measurement period has already started. Businesswise are able to assist Food and Drink Manufacturers through our bespoke 100% Renewable Energy procurement strategy & Energy Management as a Service product to maximise the benefits and assist with the changes to your business.

Those most affected by the new legislation are businesses using in excess of 2GWh of electricity per annum (about £250k spend).

If your business is spending £250k+ on electricity and you'd like a free of charge TCR Impact Report to gain a better understanding of how the changes will affect your business, email will@businesswisesolutions.co.uk

As one of the largest manufacturing sectors in the UK, the Food & Drink Industry is one that we feel proud to serve. The diverse range of organisations working together to ensure that the needs of the nation are met, whilst providing stable employment for hundreds of thousands directly, and millions indirectly, the sector as a whole has a lot to give.

We can relate to the industry in the way that the game is unfairly weighted towards the biggest, multinational organisations. We find the same happens in the way businesses manage their energy, but often find it is the smaller, more innovative, agile and disruptive organisations that drive the sector forwards.

Many of the participants resonated with our purpose, as a leading provider of outsourced energy manager solutions we allow businesses to seriously contemplate de-carbonisation and Net Zero projects. Our solutions level the playing field and allow all businesses to access the gains, discounted energy costs, energy software and green credentials that large corporates can without the need for in-house teams or upfront investment.

That's why creating this report was important to us, to amplify the voices from across the entire market spectrum and truly understand how they are taking on the biggest challenges they are facing.



FRAZER DURRIS
Chief Executive Officer,
Businesswise Solutions

