The Food and Drink Forum Ltd

Summative Assessment and Evaluation of the Impact and Effectiveness of the FEAST2 Project

April 2023

Contact Information

Client:	The Food and Drink Forum Ltd The Business Centre, Southglade Food Park Gala Way Nottingham NG5 9RG
Client Lead:	Andrew Collinson
Email:	andrew.collinson@foodanddrinkforum.co.uk
Prepared By:	Focus Consultants 2010 LLP Focus House Millennium Way West Phoenix Business Park Nottingham NG8 6AS
Project:	Summative Assessment and Evaluation of the Impact and Effectiveness of the FEAST2 Project
Document Title:	Summative Assessment
Date:	April 2023
Focus Contact Details:	George Jones, Senior Consultant George.jones@focus-consultants.com
Authorised By:	Heather Frecklington, Partner
Signature:	H. L. Frecklington

Focus Offices

NOTTINGHAM
Focus House
Millennium Way West
Phoenix Business Park
Nottingham
NG8 6AS
T: 0115 976 5050
E: enquiries@focus-consultants.com

LEICESTER
Olympus House
Unit 3, Main Street
Kirby Muxloe
Leicestershire
LE9 2AL
T: 0116 275 8315
E: leicesterenquiries@focus-consultants.com

LONDON
45-46 Lower Marsh
London
SE1 7RG
T: 0203 096 9717
E: londonenquiries@focus-consultants.com

Contents Page

		Page
1.0	Introduction	3
2.0	Project Context	4
3.0	Project Progress	17
4.0	Project Delivery and Management	27
5.0	Project Outcomes and Impact – Business Feedback	36
6.0	Project Outcomes and Impact – Case Studies	53
7.0	Economic Impact	76
8.0	Value for Money	89
9.0	Summary, Conclusions and Recommendations	93

Appendices

Appendix A - References

1.0 Introduction

In February 2021, Focus Consultants 2010 LLP was appointed by The Food and Drink Forum Ltd to undertake an independent summative assessment and evaluation of the FEAST2 project. There are two phases to this exercise – the interim evaluation, was completed in July 2021, and this, the final evaluation, which was completed in March 2023.

The final evaluation involves a desk-based evaluation of existing documentation, telephone and face to face interviews with the project team as well as businesses that have benefitted.

As outlined in the brief, the final evaluation includes:

- Documentation and Output Review: including the original application, logic model, contract agreements, progress / claim reports and highlight reports, determining a thorough understanding of how the project has progressed to date and to assess progress against profiled outputs, outcomes, spend, and milestones.
- Strategic review – analysis of the changing policy context
- Project Team Consultation: undertaken with representatives of the Food and Drink Forum and The Mallows .
- Beneficiary Consultation: results of an online questionnaire issued to SMEs that have received business assistance and grants.
- Case Studies: in-depth one-to-one conversations with beneficiary businesses to gain a more detailed understanding of the project impact.
- Economic Impact Assessment: a critical component of the evaluation, assisting in outlining the project's progress in terms of impacts and adherence to ERDF requirements.
- Assessment of value for money
- Reporting: Pulling together the information captured in the above methodology and adhering to the structure outlined in the ERDF Summative Assessment Guidance, the information is compiled into a cohesive report that includes key conclusions and recommendations.

There is a requirement for all ERDF grant recipients to undertake a summative assessment. The Summative Assessment Final Report follows the intended structure and covers each of the elements outlined in the ERDF Project Summative Assessment Guidance Appendices (June, 2020). This requirement is fixed and applies to all projects irrespective of the nature or scale of the projects.

Focus has taken every care to conduct the study professionally, openly and thoroughly, to retain an objective stance, to balance the opinions expressed and explore the justification for the comments made. It must also be recognised that there are inevitable budget and time constraints, which limit the resource available for the evaluation.

2.0 Project Context

This section considers the context in which the project was designed, including the project objectives and the rationale for the delivery approach.

2.1 Background and Context

2.1.1 Background

The FEAST2 project, which stands for the "Food Enterprise Advisory Support Team 2", commenced in January 2019, and will run until June 2023. It offers food and drink manufacturers a range of funded support services including a diagnostic, access to grant funding, technical support, business mentoring and event attendance. These services are available to eligible small and medium enterprises SMEs in two LEP areas: D2N2 and South East Midlands LEP (SEMLEP). The D2N2 area covers Derby, Derbyshire, Nottingham and Nottinghamshire; SEMLEP is comprised of six local authority areas: Bedford Borough, Central Bedfordshire, Luton, Milton Keynes, West Northamptonshire and North Northamptonshire. There are over 800 food and drink manufacturers across both LEPs.

The project, worth £6.05 million in total, was awarded £3,026,260 from the European Regional Development Fund (ERDF) as part of the European Structural and Investment Funds Growth Programme 2014-2020. FEAST2 represents an extension of the delivery of technical advice, business mentoring, events and capital grants delivered by the Forum which has supported food and drink manufacturing to create quality jobs and increase productivity for over 15 years:

Food and Drink iNet: established in 2008, the Food and Drink iNet aimed to coordinate specialist support to stimulate innovation in the food and drink industry. Working at the heart of the food and drink sector the iNet has developed an effective network and can provide funding to bring businesses' ideas and academic expertise together to drive innovation. In its first three years the Food and Drink iNet supported more than 80 small and medium enterprises (SMEs) with grants for innovation projects and delivered over 1,000 instances of one-to-one tailored business advice and guidance. Part-funded by the ERDF, the Food and Drink iNet was managed by a consortium, led by The Food and Drink Forum.

FEAST: The Food and Drink Forum, along with The Mallows Company, ran the FEAST project - which stands for the "Food Enterprise Advisory Support Team" - from January 2016 to December 2018 and supported over 250 businesses, providing intensive support to 220 businesses and grants to over 100, leveraging almost £2.5m of private sector investment. The project offered a range of useful services to food and drink manufacturers including grant funding, business mentoring, industry events and technical support.

FEAST2: The Food and Drink Forum, in partnership with The Mallows Company, secured ERDF funding to continue offering a range of grant funding and specialist support for food and drink manufacturers in Derbyshire, Nottinghamshire and South East Midlands. FEAST2 provides manufacturers with access to up to 25% in grant funding to support the purchase of production equipment, as well as up to 12 hours of fully-funded food technical or business mentoring support, and access to fully-funded workshops and webinars on a number of key industry topics.

FEAST2 is a continuation of the previous ERDF FEAST project, which ran between 2016 and 2018 as a support programme targeting the priority food and drink sector across D2N2 and SEMLEP. As an extension of FEAST, FEAST2 was 'delivery ready', with systems, processes and a SME grant and support pipeline in place.

2.1.2 Meeting ERDF Requirements

FEAST2 was formulated in response to the requirements set out under Priority Axis 3: Enhancing the Competitiveness of SMEs, focusing on productivity drivers within food and drink manufacturing businesses. The project aims to support SMEs in the Food and Drink sector across the LEP areas to diversify into new markets, become more competitive, achieve growth and create new and lasting quality jobs by:

- Targeting productivity growth within food and drink manufacturing SMEs
- Increase the take up of face to face, tailored and intensive support by food and drink manufacturing SMEs
- Deliver support in line with 'business change cycle' steps needed for a business to grow, adapt and remain competitive as identified in the Call for Evidence for the BEIS-HMT Business Productivity Review.

FEAST2 specifically aligns with Investment Priority 3d, 'Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes', through one-to-one support to increase the growth capability and innovation within food and drink manufacturing SMEs. The project delivers against the following indicative activities:

- Support small and medium sized enterprises to develop focused growth strategies, be investment ready and update or introduce new business models which will drive business performance;
- Advice and support for small and medium sized enterprises to enter, establish and expand in new domestic and international markets;
- Support SMEs via events, to establish and expand in new domestic and international markets;
- Targeted grant schemes to support productive investment.

2.1.3 Project Details

FEAST2 is delivered to Food and Drink manufacturing SMEs in the LEP areas of D2N2 and SEMLEP. As the principal beneficiaries, the SMEs are given the support they need to diversify into new markets, become more competitive, achieve growth and create new and lasting quality jobs.

The FEAST2 project is delivered by a partnership which includes:

- The Food and Drink Forum delivering project management and planning, face to face growth assessments, mentoring, food technical support and grants across D2N2 and SEMLEP.
- The Mallows Company delivering face to face growth assessments, mentoring, events and grant support across SEMLEP.

Specific activities delivered by the project include:

- **Business Baseline/ Growth Plans:** a detailed baseline and growth review with every food and drink business across each LEP area to engage the SME community and stimulate activity. Reviewed regularly where possible to focus the owner/ managers on the most appropriate growth action and intervention.

- **Technical and Business Support** provided by FEAST2 staff, or signposting to Growth Hub or alternative specialist provider/ programme when FEAST2 support is not eligible or when FEAST2 support is not appropriate. Eligible businesses receive up to 12 hours of food technical support at no cost. FEAST2 industry experts advise on a wide range of business support and technical issues, such as:

  - Business planning
  - Branding and marketing
  - Cash flow forecasting
  - Product costing
  - Sales support
  - Supply chain resilience
  - Tendering to supply products
  - Recipe nutritional analysis
  - Food safety management systems implementation and support
  - Product lab testing advice and support
  - Support implementing/ maintaining SALSA certification
  - Support implementing/ maintaining BRC certification
  - Shelf life and product stability advice
  - Internal audit support
  - Factory layout advice (improving production efficiency)
  - Food safety and hygiene
  - Environmental sustainability

- **Business Mentoring:** eligible business can access industry experts, fully subsidised, to receive mentoring in any aspect of business. FEAST2 mentors have a wealth of experience in running food and drink manufacturing businesses.

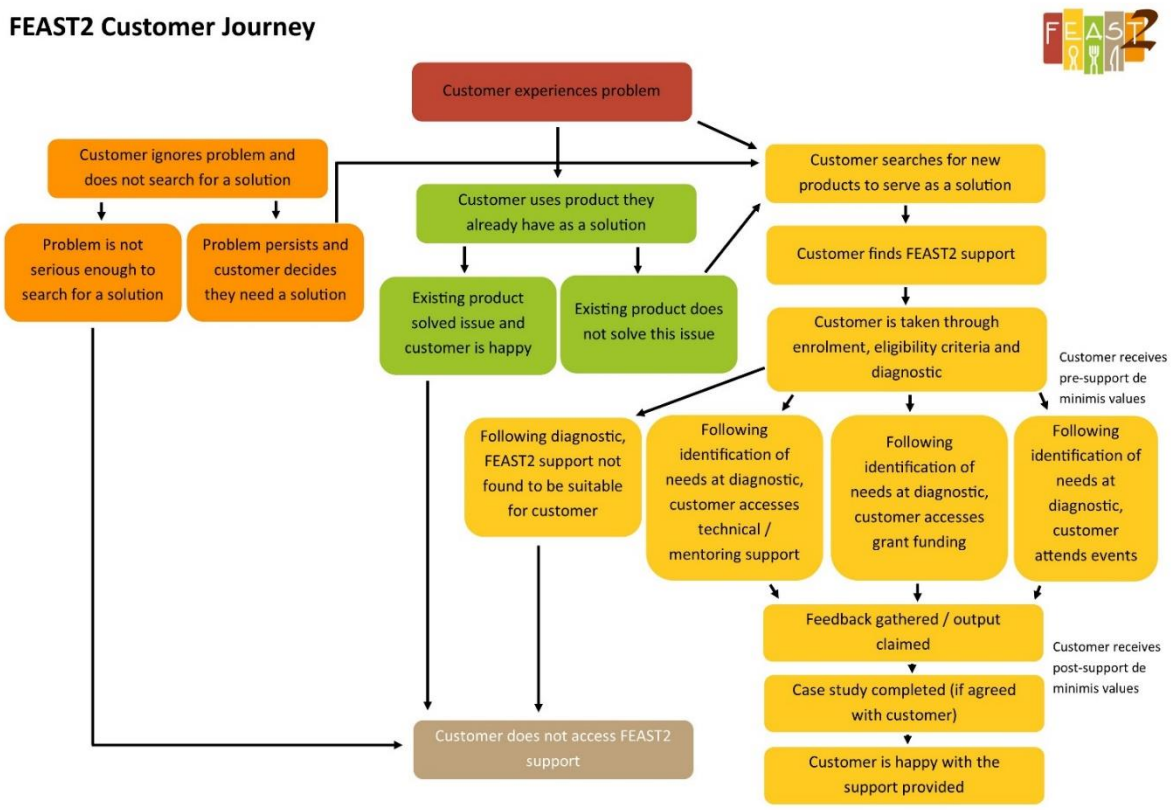
- **Network events/ workshops/ webinars** to support common food and drink manufacturing issues. The Food and Drink Forum and The Mallows Company, along with industry partners, run a number of industry-specific events throughout the course of the project.

- **Capital Grants** for SMEs to invest in production equipment. Grant funding is available to eligible business looking to purchase production equipment to help increase their growth, productivity and create jobs. Through the FEAST2 project, businesses are offered 25% of grant funding to support these purchases.

FEAST2 provides the following activities specified under Investment Priority 3d in both D2N2 and SEMLEP:

- Provision of efficient local referral routes
- Support to SMEs to develop focussed growth strategies
- Advice and support to SMEs to enter, establish and expand new markets
- Advice and support for SMEs to become investment ready
- Provision of advice, consultancy, mentoring and peer to peer support
- Leadership and management coaching
- Events to expand markets
- Grant schemes for productive investment
- General advice and consultancy.

The customer journey for an SME supported through a project is illustrated below, summarising engagement activities, specific project activities and post-activity follow-up:



2.1.4 Logic Model

A copy of the project's logic model is set out overleaf.

Project: FEAST2

Priority Axis 3: Enhancing the Competitiveness of SME's;

Context

- Food and Drink sector is a key Govt priority sector
- Evidence of business growth potential & need for support
- Evidence of need for capital grants to invest in equipment
- Evidence of need for technical support to assist in expansion of customers
- Evidence of need for Mentoring/business support to assist growth

Market Failure Assessment

- Food and Drink sector is a key Govt priority sector
- Evidence of business growth potential& need for support
- Evidence of need for capital grants to invest in equipment
- Evidence of need for technical support to assist in expansion of customers
- Evidence of need for Mentoring/business support to assist growth

Project Objectives

- 300 smes supported via diagnostics
- 109 smes supported with a grant
- 130 smes supported via technical/business/mentoring support
- Create 180 jobs

Rationale

- one to one engagement directly with a sme alongside the imparting of advice, guidance and signposting is a key enabler for business growth

Inputs

What	Value
£1,967,089 ERDF	
£636,782 Public funding	
£1,330,305 Private Sector	

Activities

What
Engage SMEs in to baseline/diagnostic discussions with
Provide Food/Drink Technical expertise including support for product
Provide Mentoring/business support support in foo/drink, manufacturing
Provide grant assistance to SMEs for capital expenditure that supports job
Deliver events &/or partner with successful events to attract a wider

Outputs

What	Value
Programme level:	450
- P13: Business	
C1 : Enterprise receiving support (comprising of 160 C2 grants &	246
C2's:Grants	164
C8's Employment Increase	148
C29: products to markets	39

Outcomes

ID	Intended Outcome	How is it Measured?	Level	Baseline	Actual
1	Sme Engagement for support	No. of Diagnostics	Business	300	
2	Sme retention/engagement for further support	No. of smes subscribing for grants and/or support/event hrs	Business	164	
3	Growth of SMEs	No. of smes engaged/participating in support	Business	109	
4	Internal - Business growth	Jobs recruited	Business	180	
5	External - Business growth & expansion via Product &/or	No. of new products to markets	Business	26	

Intended Impacts

What
roductivity: Increased GVA in the economy (2011 GVA per employee for smes was £43,600)
Increased employment in the locality/sector/economy
Sustained/Increased no. of smes in the locality/sector
Contribution to SO Result Indicator: (SO 3.2 increase growth capacity of smes via jobs against baseline 2011 & SO 3.3 sme productivity gap
Direct relationship with activity > modest contribution due to only 2 LEP delivery areas

2.1.5 Outputs

In February 2020, The Food and Drink Forum submitted a Project Change Request (PCR) to continue the delivery of technical advice, business mentoring, events and capital grants support across D2N2 and SEMLEP, which was approved in January 2021. The PCR extended FEAST2 to the Financial Completion date of 30th June 2023.

The project was contracted to deliver the following ESIF outputs in total:

Contracted Outputs (Total)		Project Target
P13	Number of enterprises receiving information, diagnostic and brokerage support.	450
C1	Number of enterprises receiving support	246
C2	Number of enterprises receiving grants	164
C4	Number of enterprises receiving non-financial support	195
C6	Private investment matching public support to enterprises (grants)	£2,356,350
C8	Employment increase in supported enterprises	148
C29	Number of enterprises supported to introduce new to the firm products	39
Source: The Food and Drink Forum, ERDF Application Form		

Experience of FEAST (2016-2018) identified that the majority of SMEs requiring a grant also needed technical or mentoring assistance, which together provided for a better package to move companies forward. Financials, outputs and activities have been refined having considered lessons learnt from FEAST, sector needs analysis, SME feedback, LEP priorities, the independent evaluation of FEAST and current economic drivers.

Based on a total of 800 potential target companies across both LEPs, the demand for the project was anticipated to be greater than the supply of support available.

The project's target to engage with 450 businesses represents over half of all food and drink manufacturing businesses in the two LEP areas.

More details on the project's progress to achieving these outcomes is considered in later sections and a full description of each output, and its requirements, is in Section 3.

2.2 Strategic Context

A review of FEAST2 needs to take account of the changing context within which it has operated, its role in servicing SMEs of the sector, the evolving priorities of the LEPs it serves as well as national Government policies for growth. It is therefore important to understand where the project is positioned in this landscape and explore the continued relevance and consistency of FEAST2 in the light of policy and economic circumstances during its delivery period.

2.2.1 Food and Drink Manufacturing Sector

National

The Food and Drink industry is the UK's largest manufacturing industry, bigger than the aerospace and automotive industries combined. UK agri-food and seafood sectors create over £120 billion of value for the economy every year and employ over 4 million people. Working with government, they underpin our food security: demonstrating great resilience when dealing with disruption at national and international levels, particularly in the context of the COVID-19 pandemic and most recently through the conflict in Ukraine. According to the Food & Drink Federation (Our Industry at a Glance 2021), the food and drink industry provided 468,000 jobs across every region and nation, with 4.2m workers in the farm-to-fork food chain, employing one in eight people. Over 97% of the 11,675 food and drink manufacturing businesses are SMEs.

The Food and Drink Federation referred to the significant growth potential inherent in the UK food and drink manufacturing (FDM) sector in their Economic Contribution and Growth Opportunities (2017) report, providing evidence of the need for both business and technical support alongside investment to facilitate growth. It concluded that skills in the sector are very exposed to potential changes in immigration as a result of Brexit, whilst an ageing workforce means a loss of highly skilled workers over the next decade.

In 2020, the Gross Value Added (GVA) produced by the Midlands Engine area was higher than any other UK region outside of London and the South East and accounted for 14.3% of the England total, much of which can be attributed to the food and drink manufacturing sector. The Midlands Engine Food and Drink Sector and Supply Chain report (December 2022) acknowledges that the UK food chain is the UK's largest manufacturing and service sector, with sales of £235 billion and GVA of £127 billion (2019). 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. This is a larger proportion than the Great Britain average (16.2%) for the sector, while reflecting that the Midlands Engine accounts for 17.3% of food and drink jobs in Great Britain. 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.

There is a constantly growing global demand for food and drink products whilst increasing the UK's own food security, with the UK importing 46% of its food consumed in 2020. There is also a trade in food goods deficit of £2.3bn in the Midlands Engine, reflecting that the region (and wider UK) remains reliant on foreign imports of foodstuffs.

Regional

The food and drink manufacturing sector continues to be identified by SEMLEP and D2N2 as a focus for the area's development, with opportunities around clean growth, reduced waste and improved productivity a means of driving growth across the area. With plant-based diets increasingly commonplace, existing manufacturers require a significant amount of product development support to adapt to new ingredients and processes. Moreover, packaging of

sustainable products is often not sustainable or recyclable itself, which similarly creates an area of opportunity for FEAST2 to support businesses with.

FEAST2 is thus more relevant in the current strategic climate than previously, as locally there is an increasing emphasis on productivity and inclusive growth. As part of their Local Industry Strategy (2018), SEMLEP have since identified improvements to labour force participation and to productivity per workers as ways of improving local economic fortunes.

2.2.2 Policy Context

Food and drink manufacturing (FDM) remains a priority sector for national government, as well as at LEP level. In 2022 the UK Government's Levelling Up White Paper set out its high-level vision to spread economic opportunities and prosperity to all parts of the UK. Given its prominence all over the country, food and drink manufacturing can play a central role in levelling up the nations and regions by creating good jobs, upskilling workers and creating hubs of advanced manufacturing.

The Government Food Strategy (June 2022) sets out the following objectives to deliver:

- A prosperous agri-food and seafood sector that ensures a secure food supply in an unpredictable world and contributes to the levelling up agenda through good quality jobs around the country;
- A sustainable, nature positive, affordable food system that provides choice and access to high quality products that support healthier and home-grown diets for all;
- Trade that provides export opportunities and consumer choice through imports, without compromising our regulatory standards for food, whether produced domestically or imported;

To achieve these objectives, the government will seek to, amongst others:

- Broadly maintain the current level of food we produce domestically, including sustainably boosting production in sectors where there are post-Brexit opportunities including horticulture and seafood;
- Ensure that by 2030, pay, employment and productivity, as well as completion of high-quality skills training will have risen in the agri-food industry in every area of the UK, to support our production and levelling up objectives;
- Reduce greenhouse gas (GHG) emissions and the environmental impacts of the food system, in line with our net zero commitments and biodiversity targets and preparing for the risks from a changing climate;
- Contribute to our export strategy goal to reach £1 trillion of exports annually by 2030 and supporting more UK food and drink businesses, particularly small and medium sized enterprises (SMEs), to take advantage of new market access and free trade agreements (FTAs) post-Brexit;
- Maintain high standards for food consumed in the UK, wherever it is produced;

The **National Food Strategy** also has emphasis on levelling up and 'inclusive growth', acknowledging that food manufacturers provide employment opportunities in areas where there

might otherwise be deprivation; they offer apprenticeships and opportunity; they invest in research and development, and they give local areas a sense of pride and identity.

At both regional and national level, low productivity is recognised as a weakness in the sector, and this is the case across the region – productivity in the East Midlands is 14.6% behind the UK average. The FEAST2 project is helping to narrow the productivity gap between D2N2, SEMLEP and the national average by supporting businesses to invest and expand through specifically coordinated financial support and expertise. The rationale behind the project was that one-to-one engagement directly with SMEs - alongside the imparting of advice, guidance and signposting – is a key enabler for business growth.

D2N2 strategies focus on addressing productivity through innovation. FDM, employing over 16,000 people across Derbyshire and Nottinghamshire, is itself relatively productive with output per full-time employee estimated to be 5.5% higher than the UK average. D2N2's International Trade Strategy similarly sets out an ambition to increase exports as a means of building competitiveness, driving productivity, and creating more jobs. Moreover, SEMLEP's Local Industrial Strategy emphasises the role of the area's food and drink expertise to lead initiatives around efficient food processing in pursuit of clean growth. On a wider scale, the agri-food and drink sector is central to **UK Trade and Investment's (UKTI)** plan to grow exports through improvements in promotion, trade development, unlocking markets and simplifying support and trade procedures.

FEAST2 delivers technical advice, business mentoring, events and capital grants, all support needed by growing manufacturers to help them create quality jobs and increased productivity whilst complementing regional and national strategies. The project responds to the LEPs which identify that stimulating growth within the existing SME base is crucial, particularly in the food and drink sector. For SMEs to move up the value chain, they need to focus on products, services, and processes to develop a competitive edge, and increase their market share to enter new markets.

The project's technical support offer – from new product development to labelling, SALSA and BRC - remains extremely pertinent for businesses facing legislative and food management system changes. For example, October 2021 saw the introduction of Natasha's Law, which was introduced to protect allergy sufferers and give them confidence in the food they buy, requiring food businesses to include full ingredients labelling on pre-packed for direct sale foods. The introduction of Natasha's Law brings greater transparency about what people are buying and eating, lays down new standards for the food companies, and highlights the battle against the growing epidemic of allergies. In response, FEAST2 has supported food businesses to improve food labelling to ensure manufacturers are in line with the new regulations when developing new products.

2.2.3 Market Failure

With regards to market failure, the UK is not self-sufficient in food and is running the second-largest food and drink trade deficit in the G7. The UK's trade deficit implies that the domestic manufacturing sector would need to grow sales by 50% to cover domestic demand without the need for imports.

A reliance on imports of raw materials and a lack of local supply adds to an unstable trade environment and the necessity of increasing productivity and innovation in the sector to match need and demand. BDO identifies the challenges facing the sector, apart from Brexit, to be the need to improve productivity and skills, recruiting the additional 140,000 people the sector needs to grow, and driving innovation in products. A context of rising global demand for food and water infers a UK requirement to increase exports and productivity. The world will need 60% more food by 2050, which necessitates improvements in efficiency.

However, the vast majority of food chain companies are small, lacking the capacity to absorb the perfect storm of yield-affecting issues identified, and to compete on such things as adopting technology. 98.4% of food chain businesses in the Midlands Engine are micro or small (less than 9 employees); many of these increasingly need support to progress and grow through the current economic headwinds, with local areas requiring greater resources to meet this demand effectively.

SMEs in the East Midlands are also reliant on grant funding for growth. 59% of SMEs thought the finance ecosystem was inadequate for SMEs surviving in uncertain times; 77% report gaps in finance supply, regardless of the development stage. SMEs are therefore reliant on grant funding from the ERDF via FEAST2.

In response, innovation, new product development and RD&I are central objectives of the FEAST2 project, which means the Food and Drink Forum and The Mallows Company are acting as a catalyst for businesses to realise the growth potential in the food and drink sector. Increasing the production capacity and productivity of food and drink manufacturers contributes to the resilience of SMEs in the face of increased prices, pressures, and challenges in the wake of the Covid-19 pandemic and cost of living crisis.

Interaction with The Food and Drink Forum and The Mallows Company – alongside the Midlands' innovation and enterprise universities – is identified by the Midlands Engine as the means of: increasing productivity through food chain automation, providing health and accessible food through developments in manufacturing, creating sustainable supply chains, uncovering new markets and products through collaborative innovation, as well as education and training for the next generation of skilled workers.

2.2.4 Changing Context

The project programme has been marked by major political, economic and societal changes, which have impacted the food chain at every level, and most extremely within micro and small businesses.

Brexit

Brexit is thought to have changed how food trade operates for c.70% of food imports and exports. Food and drink producers persist their struggle with negative effects of EU-exit and red-tape in the form of new trade agreements causing significant delays both in terms of raw material supply and purchasing new equipment; significantly reducing competitiveness of the UK food chain and inflating costs from insufficient cold chain technology and new administrative costs. Brexit is continuing to provide a lot of uncertainty for businesses, and this has had an impact previously on

businesses making capital investments and therefore the demand for grants. This is reflected in the fact that the Midlands had the lowest EU export growth between 2020 and 2021 (+2.2%) of all English regions outside of London.

Covid-19

The pressure on manufacturers' supply chains and logistics to service retail was at unprecedent levels over the course of the Covid-19 pandemic. SMEs make up 97% of the UK's food and drink manufacturing industry and many faced rapid and serious cashflow concerns. Some businesses experienced the collapse of their customer base, supermarkets cancelled promotions and rationalised ranges, while demand for the out-of-home and hospitality sectors evaporated overnight. While most manufacturers have at least in part remained operational, many have been forced to reduce or substantially change their operations and/or pivot to new markets.

Cost of Living Crisis

Moreover, the war in Ukraine has disrupted global food chains leading to major rises in food prices and the costs of key inputs including energy (gas, oil, electricity), feed costs and fertilisers. Many businesses and households were already stretched financially following the worst of Covid-19 only now to be hit further with high Inflation. According to exploratory ONS business demography data, the number of business deaths in the Midlands Engine area was 56,355 in 2021, a 27.7% increase compared to 2019 (Mintel, October 2022).

Driven by inflation not seen in the UK in 40 years and rising interest rates, the economic outlook has deteriorated materially. Price rises in food and drinks partly reflect challenges faced by businesses in the food and drink sector. These challenges include supply chain issues, increasing costs, and labour shortages. As a consequence of the labour shortages, the hotel, restaurant, and pub businesses are having to reduce their opening times as a consequence, forcing the producers to be more creative in finding alternative channels direct to the consumer.

In March 2022, approximately 17% of businesses in the food and beverage sector reported changes to supply chains due to the end of the EU transition period, compared with 7% across all sectors.

In March 2022, more than two-thirds of businesses in the food and beverage sector reported an increase in the prices of materials, goods, or services bought compared with half of businesses across all sectors.

Many businesses are struggling to absorb major increases in the costs of electricity, gas, food and materials, but feel unable to pass on significant cost increases to customers against the backdrop of the cost-of-living crisis. In March 2022, 60% reported being affected by the rise in energy prices, compared with 38% across all sectors. Due to its existing vulnerabilities and industrial structure, the Midlands Engine is likely to continue to be disproportionately affected. The drastically rising cost of key inputs is damaging the competitiveness and sometimes feasibility of many Midlands businesses, leading to business groups describing the situation as 'unsustainable'.

It is more important than ever that food and drink manufacturers are supported in their efforts to source alternative ingredients, and to invest in R&D and technologies, to adapt to the everchanging economic and political landscape. The ongoing shortages of essential goods means there is an urgent need to bolster the security of national supply chains. FEAST2, as an extension of The Food and Drink Forum and The Mallows' Company's delivery, plays an important role in increasing domestic production capacity and supply security, growing supply chain resilience through onshoring and the building of UK manufacturing capability.

2.2.5 Growth Potential

Despite these challenges, the food supply chain has continued to grow with only a small very short dip at the start of the first Covid lockdown, with agriculture and food and drink manufacturing bouncing back within under a month. Food and drink manufacturing has grown as demand for UK sourcing increased. Food retail in particular has grown as consumer shopping habits changed and people socialised at home more.

The food chain has major opportunities for growth, with a focus on Levelling Up by using new technology and investment to deliver higher value, higher skilled and better jobs. The Midlands is well placed to respond to this by focusing on key drivers including:

- 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.
- Trade, Import Substitution, and Inward Investment - the UK demand for domestically sourced food is rising providing opportunities for agriculture and food and drink processors to deliver, shorter, more resilient supply chains. UK food and drink has a global reputation for high quality with world leading food QA systems, which create substantial export potential for UK food and drink manufacturers.
- 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.

FEAST2 has increased the growth capacity of SMEs through their support of entrepreneurship, engaging in innovation processes, and support for business start-ups to address market failures in the provision of start-up finance.

Given the scale and growth potential of food and drink manufacturing in the region, utilising the sector as a means of stimulating productivity and innovation is a strategically rational means by which to achieve inclusive growth.

The contextual challenges present an opportunity for the UK to become more sustainable and more resilient to external factors by increasing domestic production and committing to a strategy that prioritises regional, artisan production and trade within the UK first. England's Regional Food Groups (including the likes of The Forum and The Mallows Company who are part of Food From England) are well placed to support the regional production model and 'buy local' message so crucial to food security England, but are lacking in support from government. FEAST2 similarly

looks at financially viable SMEs who are adaptable and who are looking at new ways of doing things.

FEAST2, and the Food and Drink Forum generally, have an increased relevance in the current strategic climate, as both locally and nationally there is an increasing emphasis on productivity and inclusive growth. Regional strategies identify food and drink manufacturing as a 'showcase sector', and one that will be supported to innovate, export, grow and create sustainable jobs. The FEAST2 project is also helping to narrow the gap in skills levels between the East Midlands and the national average. Business support is recognised as a priority to drive economic growth, and the project offers services that address business barriers to growth by mitigating skills shortages and promoting business innovation.

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.

References available in Appendix A.

3.0 Project Progress

This section outlines the progress to date of the FEAST2 project towards achieving the contracted target outputs and spend, in particular considering the progress with the implementation of the project, drawing on annual and lifetime performance against the expenditure, activity and output targets. It involves an analysis of quantitative data provided by The Food and Drink Forum. It is also supplemented by qualitative evidence gathered through consultations to provide commentary where appropriate.

The method for the summative assessment has been designed to allow the positive/ negative effect on those assisted to be measured, both qualitatively and quantitatively, whilst it also highlights the direct impact of the assistance delivered whilst drawing conclusion against the hypotheses set at the start of the project.

3.1 Output Targets

3.1.1 Output Definitions

In order to assess the effectiveness and efficiency of the ERDF programme, output data has been collected during the interim programme period, up to and including Q4 2022. The output definitions are:

- P13 Number of enterprises receiving information, diagnostic and brokerage support
- C1 Number of enterprises receiving support
- C2 Number of enterprises receiving grants
- C4 Number of enterprises receiving non-financial support
- C6 Private investment matching public support to enterprises (grants)
- C8 Employment increase in supported enterprises
- C29 Number of enterprises supported to introduce new to the firm products.

P13 – ERDF – Number of enterprises receiving information, diagnostic and brokerage support

The type of support includes information gathering, diagnostic advice and guidance, and signposting. Support must signpost to relevant ERDF funded provision and/ or other provision relevant to the needs of the enterprise.

Assistance counted must include a structured review lasting a minimum of 3 hours incorporating information gathering, diagnostic assessment, advice and guidance. The method for delivering assistance can include onsite face-to-face, telephone or web-based dialogue.

C1 - ERDF - Enterprises receiving support

This is a minimum of either:

- 2 days (12 hours) active consultancy support (non-financial support)
- Grant or Loan/ Risk Finance Investment of at least £1,000 (financial support investment).

This type of support includes consultancy, information, diagnostic advice and guidance to individual businesses, as well as financial assistance for investment that results in the production of goods and/ or services. Assistance counted can include initial diagnostic and assessments, as well as any defined subsequent support. The method for delivering assistance can be face-to-face at the production site, telephone or web-based dialogue, through conferences, seminars, meetings, and workshops dependent on the needs of individual businesses.

Activities should support the project's objectives and be directed towards ultimately improving the performance of the business. Support can be provided across a range of activity including: management/ leadership support; access to new supply chains and markets including new international markets; marketing; innovation and commercialisation of R&D; process improvement, quality assurance; access to finance support; direct loans and financial instruments; resource efficiency.

C2 – ERDF – Number of enterprises receiving grants

This is a subset of the indicator C1. To register support as grant, the business must be provided with a cash payment by the project, which is not repaid.

C4 – ERDF – Number of enterprises receiving non-financial support

C4 outputs is a subset of indicator C1. To register as non-financial support, the business must be provided with a service or services by the project with no direct payment of monies.

C6 – ERDF – Private investment matching public support to enterprises (grants)

The ERDF support to the enterprise is provided in the form of a grant. The gross amount of direct tangible investment from the private sector, charitable and not-for-profit organisations induced through ERDF assistance or financial support. The investment must have been induced through ERDF assistance or financial support.

- The sum of the private contribution to the supported project (£) where the project includes support that constitutes state aid, including support to parts of the project not eligible for ERDF.
- The levered private investment is counted when it is received by enterprises from the ERDF project, or from a third-party private investor resulting from ERDF investment.

C8 - ERDF – Employment increase in supported enterprises

This is a minimum of:

- A job with an intended life expectancy of at least 12 months is created. Date of creation is the day the new employee starts work in the enterprise.
- The 36 hours per week threshold is reached. Part – time jobs should be treated on a pro-rata basis.
- A job results in an overall increase in the employment levels of the supported enterprise.

- Seasonal jobs may be counted where this is normal practice for an industry. The job must exist for a minimum of 4 weeks per annum and is counted on a pro-rata basis.

These are the jobs created following an intervention with an enterprise that result in an increase in the overall numbers of staff employed within that enterprise. It should be noted that the employment increase due to the support might not always equal the number of jobs created that are directly attributable to the support – e.g., where organisations have restructured during the period and posts have been removed.

C29 - ERDF – Number of enterprises supported to introduce new to the firm products

The indicator measures if an enterprise is supported to develop a 'new to the firm' product. It includes process innovation as long as the process contributes to the development of the product. Projects without the aim of actually developing a product are excluded.

A product is new to the firm if the enterprise did not produce a product with the same functionality or the production technology is fundamentally different from the technology of already produced products. Products can be tangible and intangible (including services).

Supported projects that aimed to introduce new to the firm products but did not succeed are still counted.

3.1.2 Contracted Outputs

The output targets presented in the table below are taken from the funding agreement between the Ministry of Housing, Communities & Local Government (MHCLG) – now the Department of Levelling Up, Housing and Communities (DLUHC) and The Food and Drink Forum. They show what the project is contractually bound to deliver.

ERDF Output Targets						
Overall	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
P13	120	120	60	105	45	450
C1	21	57	86	52	30	246
C2	24	47	38	31	24	164
C4	20	40	70	39	26	195
C6	£425,454	£567,272	£567,274	£440,000	£356,350	£2,356,350
C8	7.5	39.26	40.24	41	20	148
C29	0	10	16	9	4	39

3.1.3 LEP Level Contracted Outputs

FEAST2 focusses on the two Local Enterprise Partnership (LEP) areas of D2N2 and SEMLEP – recognising that SEMLEP now incorporates the area originally covered by the Northamptonshire LEP, who merged with SEMLEP in 2017. Consequentially, the overall ERDF output targets are

themselves apportioned equally (50% each) across the LEP areas. The contracted outputs for each LEP area can be found below:

D2N2 Contracted Outputs		Project Target
P13	Diagnostics	225
C1	Number of enterprises receiving support	123
C2	Number of enterprises receiving grants	82
C4	Number of enterprises receiving non-financial support	98
C6	Private investment matching public support to enterprises (grants)	£1,178,175
C8	Employment increase in supported enterprises	74
C29	Number of enterprises supported to introduce new to the firm products	19
Source: The Food and Drink Forum, ERDF Application Form		

SEMLEP Contracted Outputs		Project Target
P13	Diagnostics	225
C1	Number of enterprises receiving support	123
C2	Number of enterprises receiving grants	82
C4	Number of enterprises receiving non-financial support	97
C6	Private investment matching public support to enterprises (grants)	£1,178,175
C8	Employment increase in supported enterprises	74
C29	Number of enterprises supported to introduce new to the firm products	20
Source: The Food and Drink Forum, ERDF Application Form		

3.2 Progress Towards Outputs

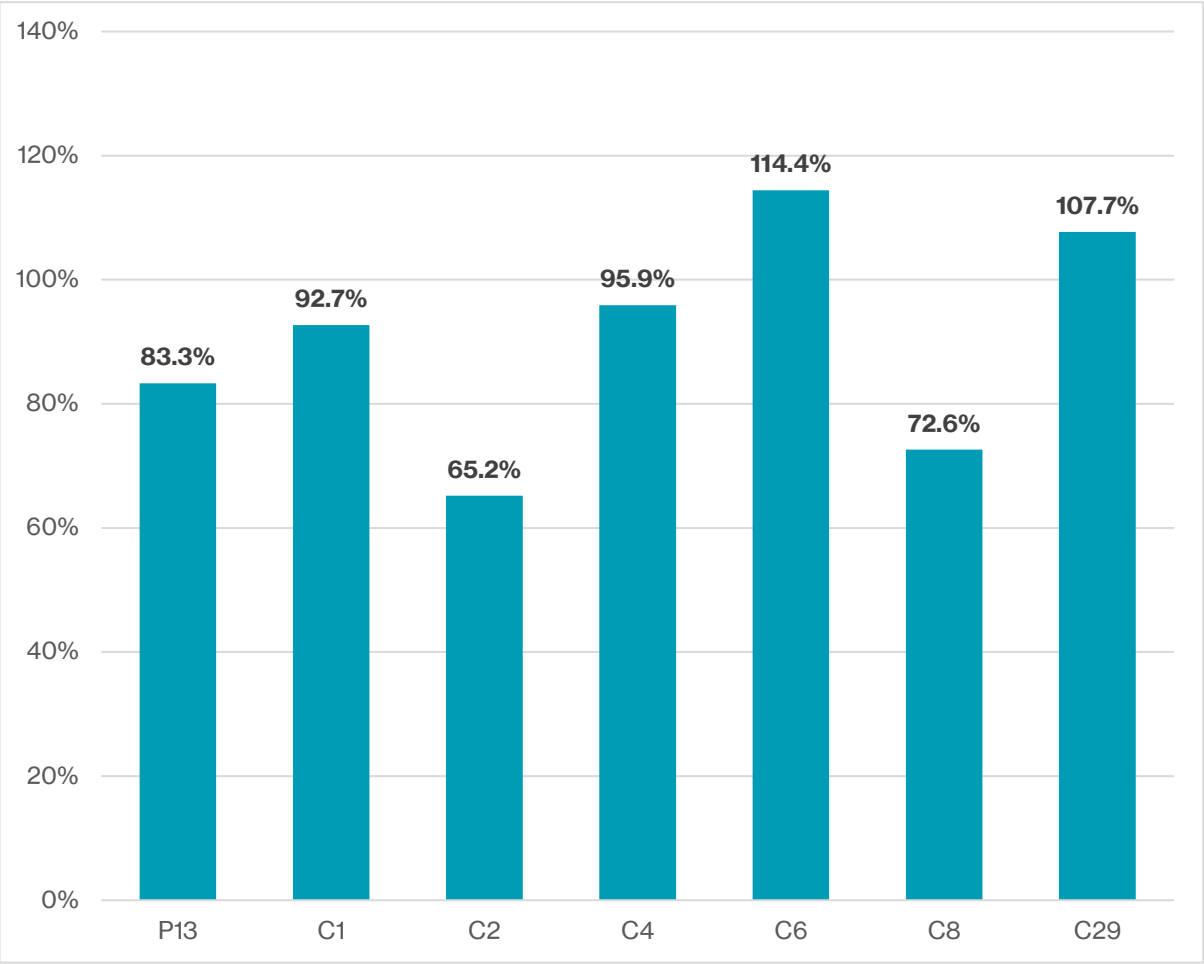
The table below details the progress made against each of the identified ERDF output targets, as of the end of Q4 2022. It should be acknowledged that the project will continue to deliver outputs for a further 6 months until June 2023.

3.2.1 Review of Outputs Achieved

ERDF funding is characterised by a series of predicted outputs and outcomes, against which tangible success can be measured. The following table lists each of the outputs (code number and definition), and records the project target, numbers achieved to date, and a percentage which indicates progress towards targets.

ERDF - Project Outputs			
Output	**Contracted Output**	**Progress Against Targets**	**%**
P13 – Number of enterprises receiving information, diagnostic and brokerage support	450	375	83.3%
C1 - Number of enterprises receiving support	246	228	92.7%
C2 – Number of enterprises receiving grants	164	107	65.2%
C4 – Number of enterprises receiving non-financial support	195	187	95.9%
C6 – Private investment matching public support to enterprises (grants)	£2,356,350	£2,694,805.74	114.4%
C8 – Employment increase in supported enterprises	148	107.44	72.6%
C29 - Number of enterprises supported to introduce new to the firm products	39	42	107.7%

- As of December 2022, the project has already generated 114.4% of its target for private investment matching public support to enterprises (grants). Despite uncertainties around Covid-19 lockdowns, cost-of-living crises and fluctuating costs of machinery impacting smaller SMEs confidence in investing, the project has proactively encouraged SME spend where possible to achieve growth.
- FEAST2 has also supported 42 enterprises to introduce new to the firm products, 107.7% of the contracted target.
- In total, FEAST2 has supported 375 enterprises to date with information, diagnostic and brokerage support (P13). 228 enterprises have received support (C1), 107 have received grants (C2), and 187 have received non-financial support (C4).
- The project has resulted in more than 100 (107.44) new jobs within enterprises supported. Despite the challenging economic climate leaving job creation frequently the most difficult to achieve outcome, the project is expected to surpass its C8 targets, with c.30 currently waiting to be signed-off.
- In the final months of delivery, some individual businesses have reported employment increases of between 20 and 30 staff; the challenge for the team now is to secure the paperwork to evidence the target.
- Opportunities for substantial networking events were few and far between over the course of the Covid-19 pandemic which has limited FEAST2's ability to engage with new businesses (P13s). This can also be attributed to a lower business start-up rate in the wake of the Covid-19 pandemic, plus the ineligibility of 'new businesses' that are attached to farms.
- With six months of delivery remaining, it is considered very likely that the output targets will be achieved by the end of the project.



The data illustrates that the number of enterprises receiving information, diagnostic and brokerage support is already 83.3%, which represents a strong pipeline of SMEs engaged with the project. With more than four-fifths of businesses having received the first level of engagement with FEAST2, it is likely that further outputs will be realised as their interaction continues over the coming months – completing the full 12 hours of support can be time intensive for businesses and is dependent on business need.

It is worth acknowledging the intangible nature of many of the additional/ non-contracted outputs produced as a result of enterprises' involvement with the FEAST2 project. Businesses themselves report that the project has helped to add value, increase profit margins, improve efficiency, aid new product development, improve understanding, and help to create long-term collaborations, which isn't necessarily captured in these outputs yet. The experience of other similar projects suggests that some outcomes are often realised sometime after the intervention has taken place. Consultation with the project team also revealed that in many cases, FEAST2 has supported businesses to develop a growth plan that exceeds the end of the programme and is therefore likely to produce additional outcomes after the completion of the project.

It should also be noted that additional outputs and economic benefits have been realised as a result of SME engagement with the project. These are explored in Section 7.

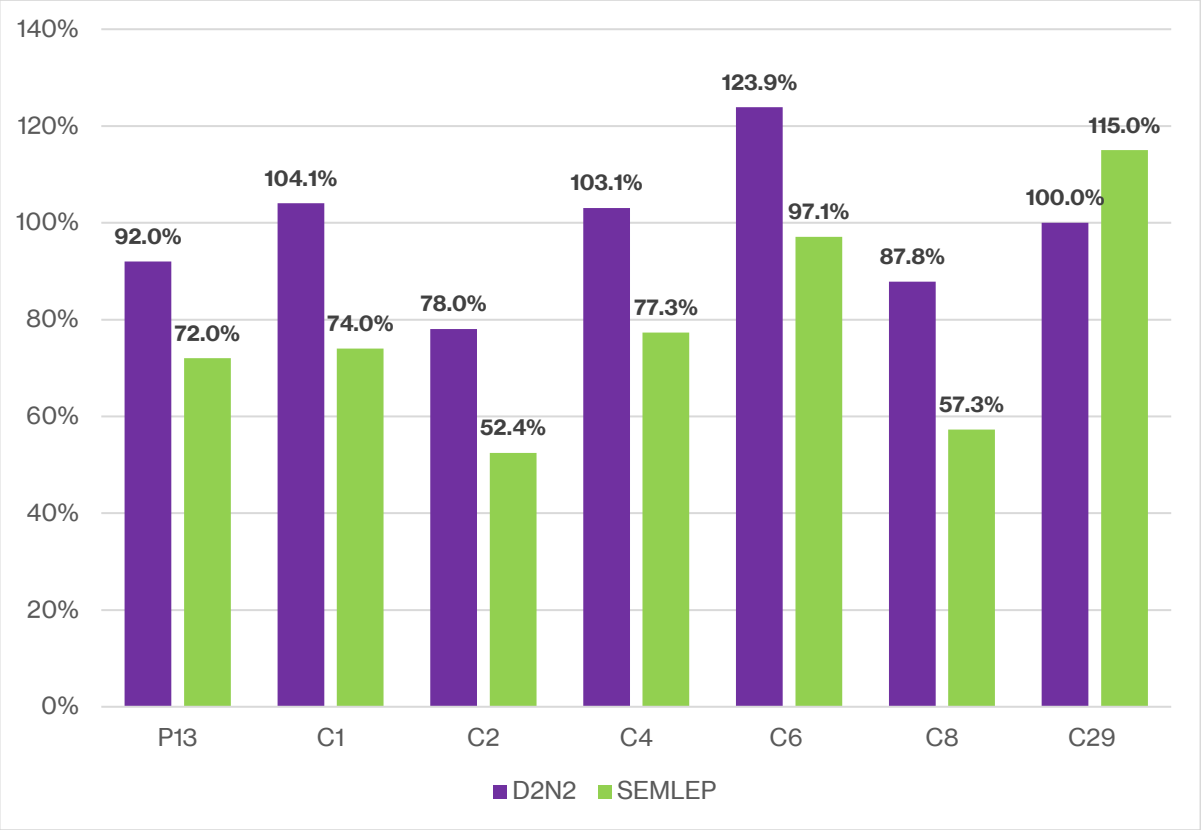
3.2.2 Review of Outputs Achieved – LEP Level

The project focuses on delivering support in the following LEP geographical areas; outputs are apportioned to each LEP area as follows:

- Derby, Derbyshire, Nottingham, Nottinghamshire (D2N2), 50%
- South East Midlands (SEMLEP), 50%

The table and graph overleaf illustrate the project's output progress against each target in the two LEP areas as of December 2022 (Q4).

ERDF - Project Outputs						
Output	Contracted Output		Progress Against Targets			
	D2N2	SEMLEP	D2N2	%	SEMLEP	%
P13	225	225	207	92.0%	162	72.0%
C1	123	123	128	104.1%	91	74.0%
C2	82	82	64	78.0%	43	52.4%
C4	98	97	101	103.1%	75	77.3%
C6	£1,178,175	£1,178,175	£1,459,291	123.9%	£1,143,657	97.1%
C8	74	74	65	87.8%	42.4	57.3%
C29	19	20	19	100.0%	23	115.0%



It is important to acknowledge the differences between the D2N2 and SEMLEP areas. Since the delivery of the initial FEAST project, there have been a number of changes to the SEMLEP geography, which have created some uncertainty around who will be responsible for delivering economic support in the affected areas. For example, Aylesbury Vale, now part of Buckinghamshire LEP, is home to a number of food and drink manufacturers who would have been eligible for support from FEAST2 when the project was commissioned, before transitioning from South East Midlands LEP to Buckinghamshire LEP post-contract in April 2020.

Whereas D2N2 businesses have become more accustomed to receiving free business mentoring and technical support from The Food and Drink Forum, FEAST and FEAST2 started from scratch in the SEMLEP area. The project has since benefitted from the established reputation and relationships in facilitated by The Mallows Company's existing presence and foothold in the area.

D2N2 is thought to be characterised by smaller food and drink manufacturers developing localised products, many of whom are driven by footfall and tourism. SEMLEP on the other hand is more dispersed, but is home to fewer, larger businesses with bigger, nationwide aspirations - SEMLEP is home to a higher proportion of large food and drink businesses (5%) than the national average (2%).

The data reveals the following differences in performances across the LEP areas:

- The data shows that as of December 2022, the FEAST2 project is performing best in the D2N2 LEP area, having already overachieved in outputs relating to enterprises receiving support, (104.1%) enterprises receiving non-financial support (103.1%), and private investment matching public support to enterprises (123.9%).
- The project has achieved a greater proportion of outputs in D2N2 than in SEMLEP, with the exception of new to the firm products (100.0% in D2N2 compared to 115.0% in SEMLEP).
- SEMLEP has completed 57.3% of its new employment outputs compared to 79.7% in D2N2.
- The project has issued fewer separate small grants (52.4%) in SEMLEP than they had hoped to. The project has been amended to allow existing beneficiaries to apply for a second grant, providing they can evidence proportionate job creation as a result. This has resulted in 97.1% of the outputs relating to private match funding being achieved.
- Despite the challenging economic climate - characterised by job insecurity and uncertainty, the impact of Covid-19 pandemic on closures in the hospitality sector, furlough, a jump in unemployment and further job cuts - the project expects to achieve its output targets relating to employment increases.

3.3 Expenditure

3.3.1 Expenditure Figures

The table below shows the overall contracted budget for the project and expenditure to date, as of December 2022.

Project Costs	Contracted	Achieved	%
Salaries	£2,453,974	£2,230,199	90.9%
Flat Rate Indirect Costs	£368,096	£334,530	90.9%
Consultancy	£12,350	£6,016	48.7%
Marketing	£10,300	£8,783	85.3%
Other Revenue	£3,207,800	£2,629,871	82.0%
Total	**£6,052,520**	**£5,209,398**	**86.1%**

The FEAST2 project has spent £5,209,398, which accounts for 86.1% of the total project budget. This represents a shortfall of £843,112 and can largely be attributed to remaining grant spend. However, it is considered very likely that the project will achieve the spend targets by the end of the project in June 2023.

3.4 Summary – Project Progress

- The data shows that the project has already achieved its outputs relating to new to the firm products by supporting 42 enterprises to introduce new to the firm products, 107.7% of the contracted target. FEAST2 has also already achieved the private investment matching public support to enterprises (grants) output.

- In total, FEAST2 has supported 375 enterprises to date with information, diagnostic and brokerage support. 228 enterprises have received support (C1), 107 have received grants (C2), and 187 have received non-financial support (C4).

- The project has resulted in more than 100 (107.44) new jobs within enterprises supported. Despite the challenging economic climate leaving job creation frequently the most difficult to achieve outcome, the project is expected to surpass its C8 targets.

- The project boasts a strong pipeline of enterprises, with 375 (83.3%) of the total contracted enterprises already engaged via information, a diagnostic or brokerage support, which suggests that the project is in a strong position to achieve the rest of its contracted outputs before the end of the programme.

- As of Q4 2022, the project has spent 86.1% of its contractual target.

- The data shows that as of December 2022, the FEAST2 project is performing best in the D2N2 LEP area, having already overachieved in outputs relating to enterprises receiving support,

(104.1%) enterprises receiving non-financial support (103.1%), and private investment matching public support to enterprises (123.9%).

- The project has achieved a greater proportion of outputs in D2N2 than in SEMLEP, with the exception of new to the firm products (100.0% in D2N2 compared to 115.0% in SEMLEP).

- Any shortfall in employment increase outputs across the project can be attributed in large part to the impact of the Covid-19 pandemic on employment across all sectors. Data suggests this has had more of an impact in SEMLEP, which has completed 57.3% of its new employment outputs compared to 79.7% in D2N2.

- The project has issued fewer separate small grants (52.4%) in SEMLEP than they had hoped to. The project has been amended to allow existing beneficiaries to apply for a second grant, providing they can evidence proportionate job creation as a result. This has resulted in 97.1% of the outputs relating to private match funding being achieved.

- Despite the challenging economic climate - characterised by job insecurity and investment uncertainty, the impact of Covid-19 pandemic on closures in the hospitality sector, furlough, a jump in unemployment and further job cuts - the project expects to achieve its output targets relating to employment increases.

4.0 Project Delivery and Management

This section provides a qualitative analysis of the implementation and management of the project. It includes an analysis of delivery performance, marketing, SME engagement, governance, management, ideas and next steps. It has been informed by consultation with delivery staff from both The Food and Drink Forum, The Mallows Company, and stakeholders. Feedback from businesses is included in the next section.

4.1 Project Management and Governance

The FEAST2 project is delivered in a partnership.

- The Mallows Company provides support to businesses with grants, diagnostics, mentoring, programme management, and events in SEMLEP.
- The Accountable Body for the ERDF funding on behalf of the partnership is The Food and Drink Forum who manage the CRM and deliver much of the face-to-face services across D2N2 and SEMLEP.

As the Accountable Body, the Food and Drink Forum is also responsible for:

- Monitoring the performance of the project against contracted expenditure and outputs targets, risks and milestones
- Reporting progress to Partners as appropriate.
- Ensuring consistency, quality of delivery and managing the achievement of contracted outputs.

Responsibility for the management of the project therefore rests with the Food and Drink Forum (FDF). FDF appointed ERDF Managers for the FEAST2 project, based at Southglade Food Park, Nottingham to oversee the project, liaising closely with the delivery partner and participating businesses. A Business Support Manager is hosted by the Mallows Company to cover the SEMLEP area. The ERDF Managers are supported by the Food and Drink Forum Senior Management team including the board of directors and the FEAST2 Project Director.

4.2 Staff and Stakeholder Consultation

To demonstrate the wide-ranging impact of the project, this section details the results of consultation with project staff and stakeholders. The consultation included one-on-one interviews with key members of the FEAST2 delivery team across both the D2N2 and South East Midlands LEP areas, as well as key stakeholders including a representative from the D2N2 Growth Hub. The following people were consulted with as part of the interim evaluation or final summative assessment:

- Rachel Mallows, Business Support Manager, The Mallows Company (and a Board Member of SEMLEP)
- Amanda Askew, Business Support Manager, The Mallows Company
- Lisa Barton, Partnerships Manager, D2N2 Growth Hub
- Andrew Collinson, FEAST2 Project Director, The Food and Drink Forum
- Trudi Waldram, Business Support Manager, The Food and Drink Forum.

- Richard Wigley, Business Support Manager, The Food and Drink Forum
- Kelly Vladi, ERDF Manager, The Food and Drink Forum.

The findings of this consultation have been grouped together under themes and have not been attributed to particular individuals.

4.2.1 Engaging with the Project

The engagement process is crucial, as once a business has been provided initial support, they are generally open to further engagement with FEAST2 – business mentoring, technical support and industry reports are often tacked-on to provide added value. The engagement process also helps FEAST2 to understand common issues in the industry, which can form the basis of a webinar or event.

The team have also made improvements to the diagnostic tool; questions were adapted to gather information which is more relevant to the ever-changing food and drink sector – health and nutrition, as well as the sustainability agenda, are more prevalent now than when the project started. This is one example of the project being adaptable and able to learn lessons quickly.

4.2.2 The Role of The Food and Drink Forum and The Mallows Company

The Food and Drink Forum and The Mallows Company's specific expertise in the food and drink manufacturing sector has enabled the project to deliver tailored, higher-value support to businesses in the industry. Their delivery model allows the project to offer the same high level of bespoke support to start-ups, larger companies, and any in between; the project team's technical expertise covers everything from high-level production and complex equipment though to more rudimentary, lower-level production facilities in people's own homes. Businesses rely on The Forum/The Mallows Company to be ahead of the curve, to anticipate what is coming and to tailor the support offer appropriately: be that around sustainability, energy efficiency, process innovations or new ingredient requirements.

The Forum and The Mallows Company are embedded in both D2N2 and SEMLEP's food and drink sector, providing a level of connectivity and networking that is unrivalled amongst business support in each area. The Forum and The Mallows also have strong records of stakeholder management, a network of partnership relationships with universities offering smaller-scale support, a long history of delivering successful ERDF projects, and are seen as business-facing, which helps to facilitate collaborative relationships between different businesses. The partners' network has enabled them to pivot to support the industry in the best way possible within the project's remit.

From a LEP perspective, FEAST2 is seen as a trusted referral because they already have these processes and relationships in place; the relationship demonstrates how a Growth Hub, and a partnership organisation should work together. The Forum have fostered a collaborative network of food and drink manufacturers; evidence from the case studies suggest that these businesses are sometimes working together, supporting each other, and developing their own connections too. For example, D2N2's Welcome Back Fund (High Street Recovery Fund) was designed to support high street businesses only.

However, D2N2 identified that many of these retailers were food and drink businesses, which led them to appoint The Food and Drink Forum as a service provider to work with the LEP to deliver support to help the businesses re-open after pandemic lockdowns.

4.2.3 Comments on Management

The team reflected very positively on the overall management of the project. The team have a vast amount of experience delivering funded support; The Food and Drink Forum and The Mallows Company both understand small food businesses, and they're very adept at supporting food and drink manufacturers in their areas.

The Forum and The Mallows Company have mutually benefitted from increasing communication between the two, allowing for a more joined-up approach to delivering the project across the two LEP areas. The teams exchange notes in both LEP areas to better understand where they can share best practice and reciprocate approaches, helping them to identify similar trends. Decisions are made increasingly quickly and a more target-orientated approach is utilised when necessary.

4.2.4 Key Successes of the Project

With so many businesses looking to diversify their product range or develop new products or processes to adapt to an increasingly unpredictable market in the wake of the Covid-19 pandemic, there has been significant demand for the technical support offered through the project. The project has provided lots of advice to help businesses achieve SALSA accreditation, which allows manufacturers to supply their products to supermarkets – which has been increasingly relevant as businesses have shifted their business models to adapt to the Covid-19 pandemic. The project has also supported businesses in their move to selling their products online due to enforced changed in consumer behaviour, which requires specialised support from a marketing and food ethical perspective, as there are different technical requirements for selling online. The pandemic has also caused SMEs to differentiate themselves through new product development or product reformulation, which has created a demand for technical support around areas such as nutritional analysis and shelf-life.

There is also a shortage of technical managers in the industry. This type of support is considered to be prohibitively expensive for SMEs outside of the project; by offering it for free, FEAST2 provides specialist knowledge that would otherwise be inaccessible financially or would require a lot of commitment to researching it themselves. The key to providing technical support is staying up-to-date with an ever-changing industry; SMEs are so diverse, and ingredients, properties and allergies are all frequently investigated, whilst guidance around markets and retailing is always evolving.

Grant funding has been particularly popular and effective, with businesses reporting very positive feedback so far. Anecdotal evidence suggests that the process has been easier than businesses expected, and the grants have enabled smaller businesses to improve their production – even a small piece of equipment can drastically improve their outputs, efficiency and capacity to make new products, as they might have previously been working by hand. The grants often prove invaluable for businesses; in some cases, the 25% grant funding is the difference between the

purchase of certain equipment or not, whilst for others, the costs saved enable them to invest in their business elsewhere, improving their overall service.

Strategically, the project has emphasised the importance of the food and drink manufacturing sector in both the D2N2 and SEMLEP areas (as largest manufacturing sector in the UK) via better relationships with unitary authorities and local partners, a better understanding of the sector's regional GVA.

"FEAST2 has been a very good asset for the region, having a mix of grants and advice. The group of experienced food executives to advise and mentor businesses has been especially valued. The programme has been professionally run and complementary to other Growth Hub programmes and the wider business support ecosystem".

Hilary Chipping, Chief Executive, South East Midlands LEP

4.2.5 Benefits to Businesses

For some businesses, FEAST2 has provided a platform for substantial development. Engaging with the FEAST2 project helps SMEs to look at key parts of the business and reflect on them, developing new approaches or strategies. Owner-managers are thought to spend too much time working 'in' the business than 'on' the business, prioritising troubleshooting and firefighting over long-term growth plans; the FEAST2 process provides businesses with some perspective, helping owners/directors to look at their business holistically, identifying their barriers and scripting how they can start to reach for their objectives.

Businesses can take advantage of the Forum's long-standing experience and technical knowledge to develop new products and scale-up at an accelerated rate. There is always demand for technical support and food manufacturing units, in particular the technical standards and accreditation increasingly required by their customers. For example, whereas the British Retail Consortium Standard is a prerequisite for larger companies, small- and medium-sized enterprises are more frequently required to have SALSA accreditation. The technical support provided helps SMEs to develop safe and legal products with appropriate labelling, shelf-life and standards to be sold at large retailers. The project reinforces best practice amongst beneficiaries, encouraging correct product labelling, raising product standards, securing accreditation and moving into new markets where possible.

A key element of the project offer is the networking and peer-to-peer support facilitated by The Food and Drink Forum and The Mallows Company. FEAST2 takes advantage of The Forum's extensive network built up over many years of delivering support, which allows both The Forum and The Mallows Company to easily signpost businesses to other sources of support which are outside the scope of FEAST2. The project is closely linked with the Made in Northamptonshire (MIN) membership group which supports and promotes Northamptonshire producers, and Food from England, a federation comprising 35 regional groups (including The Forum) representing 40,000 food and drink businesses across England.

The project's connections help to provide access to information for their producers, helping to raise awareness of the support available and encouraging engagement with support services, grants, and with each other. Events and webinars facilitate collaborative working amongst SMEs, who feedback very positively about being able to interact with likeminded businesses.

It was felt that The Forum's reputation amongst businesses in the LEP areas has been more important to securing new business relationships than the additional time and resource spent on marketing and PR.

The project also works very closely with the Growth Hubs in D2N2 and SEMLEP, signposting businesses if they are ineligible for support through FEAST2, where they can refer on to other funding opportunities. FEAST2 is considered a primary referral partner for the Growth Hub, with the relationship proving mutually beneficial. For example, FEAST2 provide an opt-in option within their enrolment forms to connect their beneficiaries to the Growth Hub, providing throughflow into the business support landscape for new entrants.

4.2.6 Impact of Covid-19 on the Sector

Overall, the Covid-19 pandemic was felt acutely in the wake of the first national lockdown; businesses were in survival mode, and unfortunately some were forced to close; some businesses stopped trading and no longer sought to take up the support offered. Covid-19 had a huge impact on the general day-to-day activities of businesses in the sector; businesses needed a different scope of support almost overnight. For many, the project has been their first port of call, and their lifeline for survival. In SEMLEP, The Mallows Company telephoned FEAST2 clients within the first two weeks of lockdown to find out how they could help and what support was needed.

In the first couple of months, businesses were too preoccupied with short-term survival to engage in any long-term future planning or growth plans with the project. Start-up rates dropped throughout the food and drink manufacturing sector. However, eventually the project has been able to help businesses regardless of the support they needed, whether it was for survival, growth, or diversification.

Manufacturers selling online, inter-retail or into hospitals have continued to do well. Despite the challenging economic climate, businesses are still investing in new equipment and premises as a result of the project. The pandemic has seen a sizable increase in the numbers of new businesses set up in food production. If anything, the pandemic accelerated a number of forthcoming trends in the food and drink manufacturing industry, with businesses forced to adopt an online platform or diversify their offerings sooner than anticipated.

4.2.7 Impact of Covid-19 on the Project

The Covid-19 pandemic proved challenging for SMEs and for the Food and Drink Forum alike, both of whom needed to quickly adapt to unprecedented limitations on movement, trade and operations. The project seamlessly transitioned to delivering industry events online via webinars, an approach which resulted in added value in some unexpected ways. Hosting events online enabled the project to engage with businesses that otherwise might not have been able to attend events that required

in-person travel. Online delivery has made the support more accessible and has helped to contribute to a feeling that despite operating across two LEP areas, it feels like one project. The webinars helped to increase both the projects reach and audience, and became a permanent feature of the project, which now offers a blended delivery of support without being constrained by location.

FEAST2 continued to act as a critical friend to the many businesses still producing in isolation at home. The regular newsletter provided SMEs with sector intelligence to keep them one step ahead, helping SMEs to address issues proactively.

Despite the successful transition to online delivery, there is often no substitute for visiting a business in-person, assessing the premises, and being able to better understand their needs. Despite the constraints imposed by the pandemic, the team have still visited businesses in person where possible, which has helped clients to feel safe. Both the online service and continued efforts to visit businesses in person meant food and drink manufacturers had somewhere to turn for advice when often they had nowhere else to go.

4.2.8 Challenges

The context in which the project has been delivered has since been characterised by both labour and skills shortages which have been exacerbated by huge increases in raw material costs. Beneficiaries continue to face additional costs associated with Brexit and the war in Ukraine, especially around importing and exporting raw ingredients as well as supply chain stability. Imports have become more expensive, less reliable and are of lower quality, and the prohibitive costs are forcing SMEs to look from Europe to elsewhere.

The knock-on effect of increased spending on shipping, packaging and machinery is that businesses can be less willing to invest in new equipment or new processes. In response, some businesses who have already applied for capital grant funding have decided to pursue a cheaper piece of machinery instead to save money. Anticipating shortages, lots of businesses stocked up on ingredients or packaging ahead of time, leaving them with little cashflow from which to invest in equipment already requested via FEAST2, resulting in delays in drawing down allocated grant funding. With producers forced to consider new sources of raw materials in response to Brexit, any relying on Europe-based ingredients required product development support to accommodate new ingredients and processes.

In response, FEAST2 delivered webinars to advise businesses on their supply chains and in the procurement of ingredients from outside the EU. Moreover, producers and support providers alike have needed to be reactive to supply chain challenges by identify ingredient substitutions, or to develop healthier alternatives in response to a strategic demand for healthier lifestyles.

Businesses have also been facing the dual pressures of rising inflation and a cost-of-living crisis pushing energy bills and operating costs up to unsustainable levels. In response, the project is providing a broad support mechanism that provides mentoring, innovation and technical support to encourage new product development and to mitigate against supply chain challenges.

4.2.9 Improvements

It was suggested that the project would benefit from being able to offer more than 12hrs of support, in part because the businesses don't have anywhere else to go – this kind of support isn't available anywhere else.

The food and drink manufacturing sector in the region would benefit from a longer project; business support projects, by their nature, aren't ongoing and can't offer businesses enough longevity. Business ecosystems are characterised by consistent churns of businesses starting, failing, developing, it is thought to be short-sighted to only offer support for a few years.

Projects of this nature, certainly in SEMLEP, would benefit from additional grant funding to support larger businesses with additional investments following their first involvement with the project, providing they are still creating new jobs. SEMLEP in particular is home to a number of larger manufacturers who are still growing but can no longer access FEAST2 grant funding to pursue further innovation or support.

4.2.10 The Future

There is significant concern amongst both the team and beneficiaries about the future of business support in the food and drink manufacturing sector. The food and drink sector in D2N2 and SEMLEP has been strengthened immeasurably over the last 10 years, and there are fears that businesses who have involved FEAST2 in their decision-making and growth plans for the next 5+ years might be left stranded without guaranteed support once the project ends in June 2023 with no further access to European Funds. Forward-looking, both The Forum and The Mallows Company pride themselves on developing skills, innovation and competitiveness, and are confident that there is a need for projects of the same substance, regardless of sector priorities.

The Forum is looking to broaden its support offer following ERDF to encompass the likes of processing, retail and across the entire supply chain – from farming, primary processing, value added manufacturing, retail and food service – to explore opportunities for the different components to work together. There is an opportunity to develop sustainability and innovation within these supply chains to produce healthier, less processed products that are more nutritious.

Conscious of the global sustainability agenda, The Forum sees their role as supporting businesses to improve their productivity and innovation through both grants and technical support, with both contributing to more efficient, sustainable production. There will be a sustained effort in D2N2 and SEMLEP to support businesses to decarbonise through lower carbon footprints and reduced emissions. A lot of FEAST2's work recently has involved decarbonisation audits which identify where businesses could reduce their energy or water consumption.

The audits have opened up other technical opportunities to support businesses with, including: new labelling, using more sustainable ingredients (less palm oil for example), and product testing. Grant funding could also serve a broader remit that includes production and sustainability. FEAST2 has largely centred on production line equipment, which remains crucial, but sustainability

measures such as LED lighting, heat exchangers etc could similarly drive down costs thereby improving competitiveness.

In addition, manufacturers of all sizes are expressing an interest in developing their social media capabilities to help market and promote their business. In response, the project's broad events and webinar programme could be more targeted at specific issues facing food and drink manufacturers, covering topics such as energy savings and cost reductions.

4.3 Summary – Staff and Stakeholder Consultation

- The context in which the project has been delivered has been characterised by both labour and skills shortages which have been exacerbated by huge increases in raw material costs. The knock-on effect of increased spending on shipping, packaging and machinery is that businesses can be less willing to invest in new equipment or new processes. With producers also forced to consider new sources of raw materials in response to Brexit, any relying on Europe-based ingredients require product development support to accommodate new ingredients and processes.

- Moreover, Businesses have also been facing the dual pressures of rising inflation and a cost-of-living crisis pushing energy bills and operating costs up to unsustainable levels. In response, the project is providing a broad support mechanism that provides mentoring, innovation and technical support to encourage new product development and to mitigate against supply chain challenges.

- Strategically, the project has emphasised the importance of the food and drink manufacturing sector in both the D2N2 and SEMLEP areas (as largest manufacturing sector in the UK) via better relationships with unitary authorities and local partners, a better understanding of the sector's regional GVA.

- In response to a number of key challenges and obstacles encountered throughout the project, FEAST2 has been both adaptable and willing to learn on-the-go in order to overcome barriers to performance and success. Webinars, online delivery and an increasing technical focus on diversifying and online shopping helped to transform the Covid-19 pandemic into an opportunity for additional outputs. Increasing frequencies of internal process meetings, an improved diagnostic tool, more resource dedicated to engaging and catching-up with businesses, and more communication between The Forum and The Mallows Company have helped to stabilise project delivery across both LEP areas in an uncertain time, ensuring the services and quality offered is both consistent and adaptable to the challenges facing businesses at the time.

- The Forum and The Mallows Company are embedded in both D2N2 and SEMLEP's food and drink sector, providing a level of connectivity and networking that is unrivalled amongst business support in each area. From a LEP perspective, FEAST2 is seen as a trusted referral because they already have these processes and relationships in place; the relationship demonstrates how a Growth Hub and a partnership organisation should work together. Businesses are thus able to take advantage of the Forum's long-standing experience and technical knowledge to develop new products and scale-up at an accelerated rate.

- Engaging with the FEAST2 project helps SMEs to look at key parts of the business and reflect on them, developing new approaches or strategies. With so many businesses looking to diversify their product range, develop new products or processes, start to sell online or in supermarkets, or to adapt to an increasingly unpredictable market in light of the Covid-19 pandemic, there has been significant demand for the technical support offered through the project.

  The technical support would be prohibitively expensive elsewhere. Grant funding has helped businesses to purchase new equipment, which can have a big impact on their outputs, efficiency, capacity and productivity – for some, the grant is the difference between purchasing high-quality equipment or not.

- The D2N2 Growth Hub expressed that the project should be used as an example of best practice in terms of how a LEP and delivery partner should work together and should be used as a model from which to shape future support. Businesses and LEPs alike rely on The Forum/The Mallows Company to be ahead of the curve, to anticipate what is coming and to tailor the support offer appropriately: be that around sustainability, energy efficiency, process innovations or new ingredient requirements.

5.0 Project Outcomes and Impact – Business Feedback

To demonstrate the wide-ranging impact of the project, this section details the results of consultation with businesses supported through the project. A questionnaire was circulated to businesses who engaged with the FEAST2 project capturing details about the benefits that taking part in the programme has had on their businesses.

The findings of the questionnaire are shown over the following pages.

5.1 Questionnaire for Beneficiary Businesses

As part of this evaluation, a beneficiary survey was developed to engage and seek feedback from those who have accessed support from the FEAST2 project. The aim of the consultation was to gather feedback on how successful the different elements of FEAST2's business support programme had been and the impact it has had upon its beneficiaries.

The survey was designed in consultation with project staff and an electronic survey link was circulated to businesses to take part in the survey.

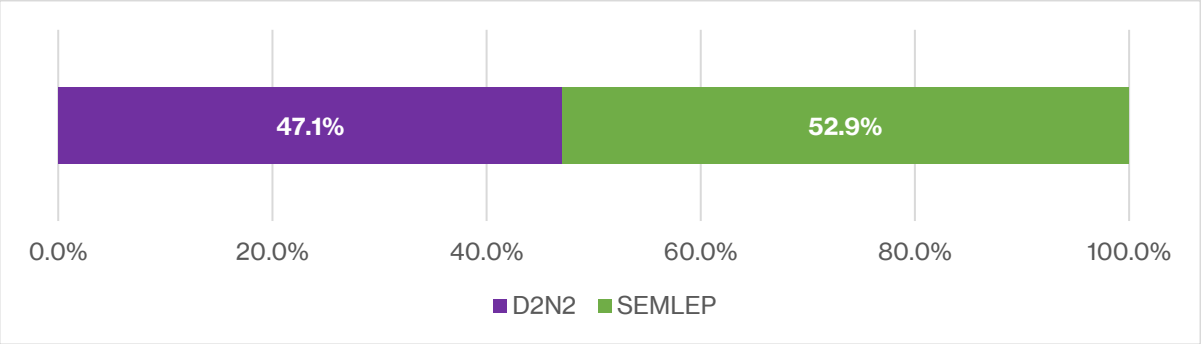
In total, 34 businesses completed the questionnaire. The findings of the report are shown in the following section.

5.1.1 Snapshot of the Businesses Taking Part

To provide context we have first analysed the types of businesses taking part in the survey. This includes a review of the sectors that they are working in, their size and core business. The details are shown below.

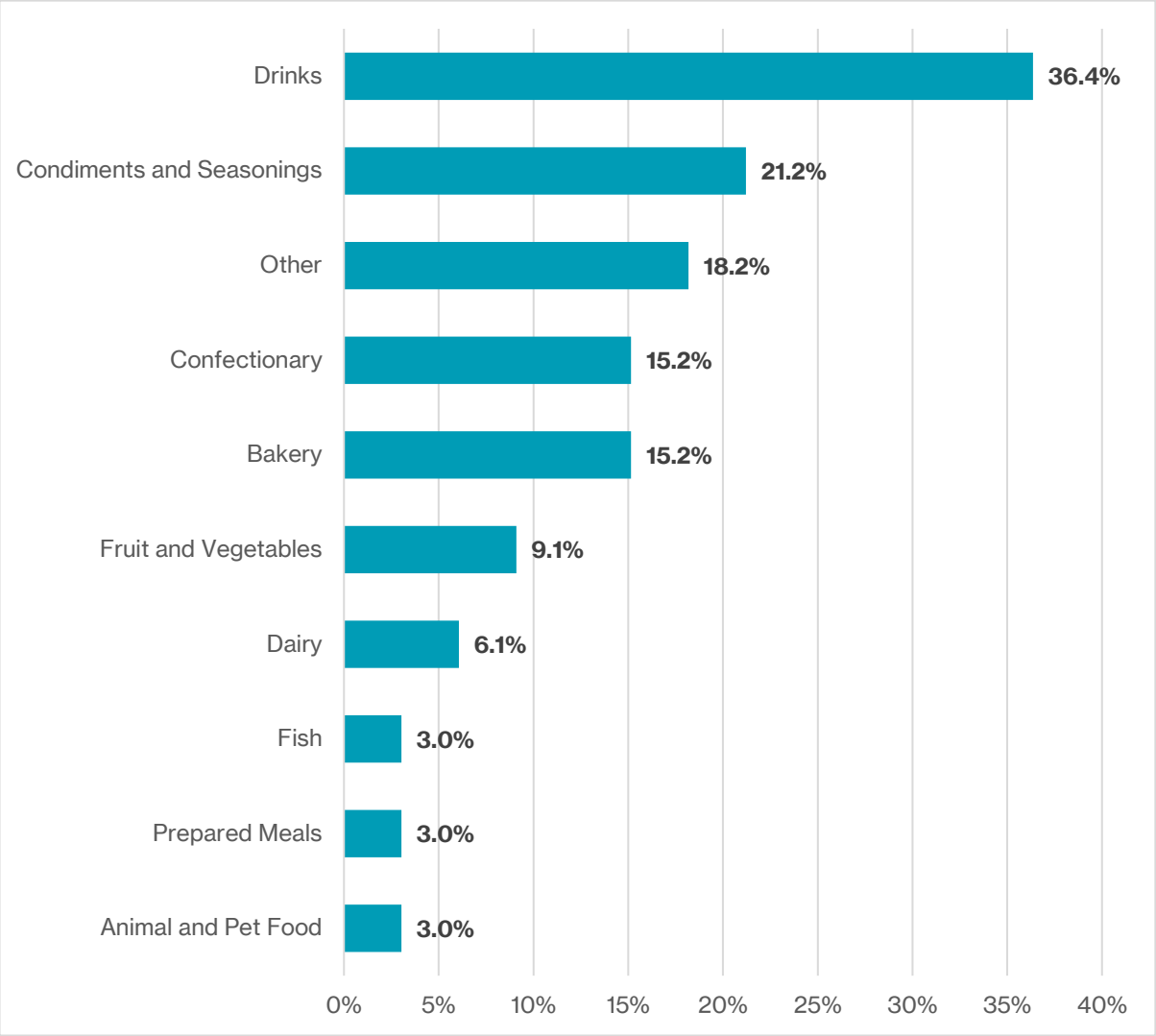
a. Geography

The FEAST2 project is delivered across the D2N2 and SEMLEP geographies. Survey respondents were broadly evenly split between the two.



b. Sectors

Businesses taking part in the survey were asked which sectors they were a part of. The responses are shown in the graph below, which illustrates the diversity of food and drink sub-sectors covered by the FEAST2 programme.

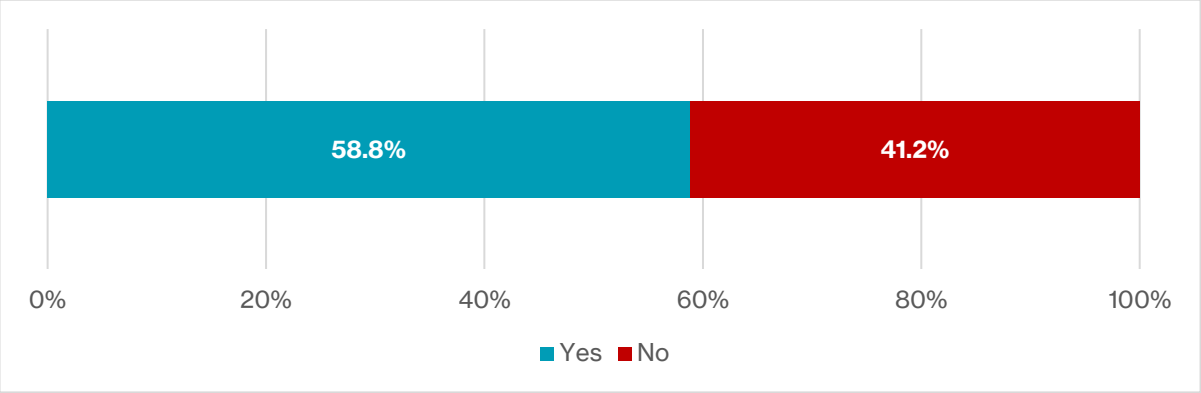


Nearly one-third of the respondents to the survey are made up by Drinks manufacturers (36.4%) and producers of Condiments and Seasonings (21.2%), with strong representatives from the Confectionary, Bakery and Fruit and Vegetables sectors.

Businesses were asked what they produce; the high frequency of 'vegan' and 'plant' products included in the responses reflects changing consumer habits and a greater awareness of sustainability and plant-based diets. Overall, the FEAST2 project is characterised by diversity, with each business being different and each presenting a unique challenge. The support provided by FEAST2 to food and drink manufacturers is tailored, bespoke and specialist for each business, as there is no one-size-fits-all solution.

c. Online Sellers

58.8% of businesses said that they sell products online.



Businesses were asked to explain whether online sales or social media was important to their business, and why. Some businesses noted that they sell online as a direct result of the Covid-19 pandemic. It was also acknowledged that social media is an important part of most marketing strategies, for raising brand awareness, free exposure, generating sales and sales enquiries.

41.2% of survey respondents said that online sales and social media were not very important to their business model.

- "We currently sell online to the public as a side line created by Covid. This has not yet migrated to our customer base but is something we are looking to achieve".
- "Social media is lifeline to our business as it's the only free exposure we have".
- "Important as it widens our sales".
- "Very important as a small producer it is an essential part of our mix".
- "Very as we can only reach customers that want small orders this way".
- "Important for brand awareness".
- "We use social media as part of our marketing strategy".

"Having an online and social media presence provides a window to the outside world and helps to promote our business offering. As such both are important tools to help with raising awareness, generating sales and sales enquiries for the various sales channels and services we offer - wholesale manufacture, stockists, public, corporate and private events, and direct to consumer sales both online and in person at local markets".

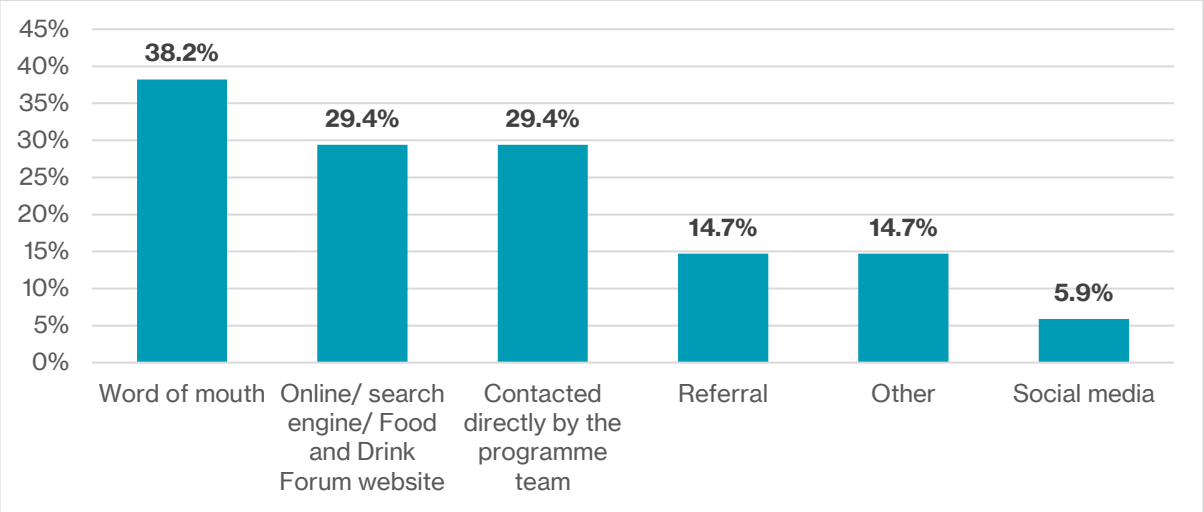
5.1.2 Involvement with FEAST2

a. Initial Engagement

Businesses were asked how they found out about the support on offer from FEAST2. Anecdotal evidence from beneficiary businesses consulted with as part of the case studies suggest that

FEAST2, and The Food and Drink Forum in particular, have a strong brand and reputation in the D2N2 and SEMLEP areas. This is evidenced by the fact that 38.2% of respondents said that they found out about FEAST2 via word of mouth. Nearly one-third (29.4%) used the Food and Drink Forum website or through a search engine.

Referrals are also a key part of the project's engagement mechanism, with direct contact from the programme team (29.4%) and referrals from the LEP/Council/Chamber of Commerce (14.7%) directing significant traffic to the project. A number of businesses in the SEMLEP area were also referred from The Mallows Company and Made in Northamptonshire.



b. Rationale for Involvement with FEAST2

The survey sought to determine why businesses were motivated to get involved with the FEAST2 project. Motivations varied, from businesses who were looking to survive the Covid-19 pandemic, to those looking to develop new products. A number of businesses noted that they were seeking to overcome challenges relating to new health and safety legislation when developing new products, changing consumer behaviours, a lack of technical support, and growth/expansion barriers. For some, the pandemic represented a significant challenge to delivery, whereas for others, it presented an opportunity for expansion.

The results also show that businesses view FEAST2 as a means to help them move forwards, be that through product development, diversification, scaling-up or mentoring to ad business growth.

A selection of responses is listed below.

- "To help with my aspirations for business growth in sourcing and funding manufacturing machinery and equipment".
- "We used it to help fund new machinery purchase to make efficiency gains in production".
- "Assistance in entering a new industry and exploring a new opportunity".
- "Advice and support, expertise and help us improve our production processes".
- "Develop products which I had never done before".
- "Business development technical support".

- "To aid with, growth, product development, equipment acquisition, etc.".
- "We are start up, we were welcome to all aspects of starting a business".
- "To get access to scale up advice and finance".
- "I had a challenge with food labelling and nutritional claims".
- "To enable us to increase our capacity in line with category growth and opportunities".
- "Increase efficiency and production capacity".
- "To create our Ready to Eat product range as a new opportunity to add new product lines in to the business".
- "Help for capital expenditure to enable us to scale our business to meet a growing demand. Advice on best practice (HACCP). Business mentor".

"1. Address a challenge: to learn how to sell the GF flour in a way that fulfils government health and safety regulations (including labelling).
2. Exploit an opportunity: on how to progress with developing GF product, networks, opportunities, etc.".

5.1.3 Support Received from FEAST2

a. FEAST2 Support Activities

Businesses were asked about the support they received from FEAST2. The results can be seen in the table and graph below. Grant funding (69.7%) and technical support (51.5%) were the most frequently accessed areas of support.

Support Received through FEAST2	
Service	**%**
Grant Funding	69.7%
Technical Support	51.5%
Business Mentoring	45.5%
Industry Events or Webinars	33.3%

In describing their involvement with FEAST2, businesses typically said that grant funding was used for new machinery and equipment set-ups. SMEs sought technical support for nutritional analysis, labelling, shelf-life, navigating regulations, product sourcing, and food safety accreditations. Nearly half of the businesses surveyed received Business Mentoring (in areas such as marketing strategy).

A selection of responses detailing support received from FEAST2 is below:

- "FEAST2 has always been there when needed. Greatly appreciated. Excellent service".
- "FEAST2 team supported me by looking at labels for the GF flour as well as navigating regulations on GF product sourcing and selling requirements".
- "Some specialists in food labelling helped navigate the minefield with me".

- "Support for technical has been great Funding has allowed us to make huge strides which otherwise would have taken much longer or not at all".

It is also worth noting the intangible services FEAST has provided outside of the serves listed above; anecdotal evidence from businesses as part of the case study interviews suggest that many benefit from the peer-to-peer networking facilitated by The Forum, from access to specialised industry expertise and advice, and some are able to have more confidence in their business and their development as a result of having the project on hand.

"I was able to access professional support which enabled me to provide more accurate descriptions of my products. The webinars have been particularly useful as they have given me knowledge that I would otherwise been unable to access. I was also able to share challenges and explore solutions with those professionals and my peers".

b. The FEAST2 Team

Businesses were asked how they found working with the FEAST2 team, and whether the support they received met their expectations. The support was described as "helpful", "approachable", "kind", "very supportive", and "usually exceeds expectations".

In terms of impact, some business said that they wouldn't have been able to develop without the support and mentoring available via FEAST2.

"Fantastic. 10/10. I looked at other grant applications but they were slow and inflexible in nature. FEAST2 allowed me to submit a grant application and receive a decision in a very short time period, otherwise it would have been too slow to buy some of the machinery that is not very common. Amanda the project lead was always available to help on any questions I had and they guided me through the process".

A selection of comments can be found below:

- "All the staff at Food and Drink Forum are very helpful and always make me aware of any funding or events that will help the business grow/improve".
- "The team are so very welcoming and helpful. We set out on this venture, we had no idea such incredible support was available. We wouldn't have made it off the ground without the team".
- "I have found the process helpful. The webinars held during lockdown were beneficial in meeting other people online and led to me commissioning a number of services. Yes the support [from The Mallows Company] has met my expectations".
- "Extremely helpful and supportive. Usually exceeds expectations".
- "They [The Mallows Company] are helpful and approachable, keeping us informed with latest updates too".
- "The technical support was very useful as I had no clue where to start".

- "Exceeded. The support and mentoring has been invaluable. I have no doubt that without the help and professional advice we have been given we would not have been able to develop our business".
- "I appreciate being kept aware of latest news and, grants and events from our local team".
- "[The Mallows Company] staff are friendly, knowledgeable and available to help at every stage".
- "The team have been outstanding and the support easy to access and invaluable".
- "The team have been great, easy to contact and quick to respond to communications".
- "Excellent, helpful, well organised and professional".

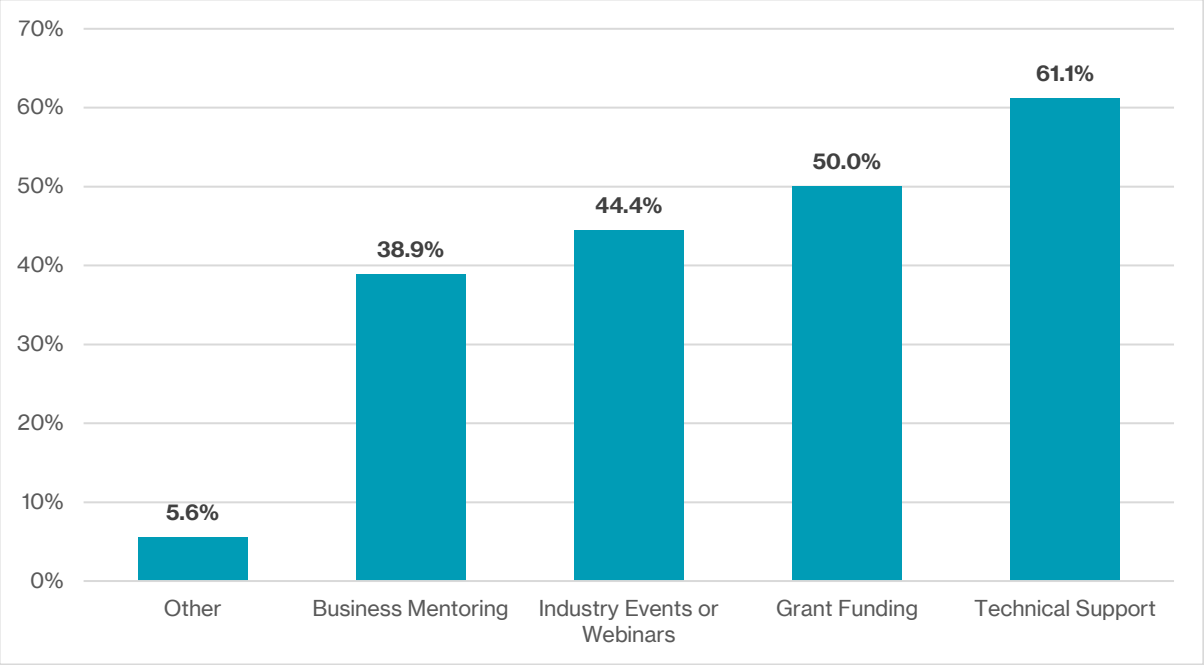
5.1.4 Outcomes and Impacts

a. Outcomes

Businesses were asked whether their involvement with FEAST2 had helped them to achieve improved outcomes, including increased efficiency, productivity, scale of manufacturing and more. The data is overwhelmingly positive:

- More than three-quarters of businesses said that they produce more efficiently as a result of their involvement with FEAST2.
- More than half of businesses said that they have increased the scale of manufacturing, created new jobs, and are able to better meet the needs or requirements of customers as a result of their involvement with the project.
- Nearly half have increased sales (including internet sales), become more competitive/have a competitive advantage, and are more aware of opportunities for their business in the food and drink manufacturing sector.

The data is illustrated below:



Some respondents elaborated on the positive impact that the FEAST2 project has had for them:

"I was able to produce the oat milk on the farm rather than outsourcing the production to a company in Europe as there was no one else in the UK producing it on scale at the time. This meant it created jobs and new British product".

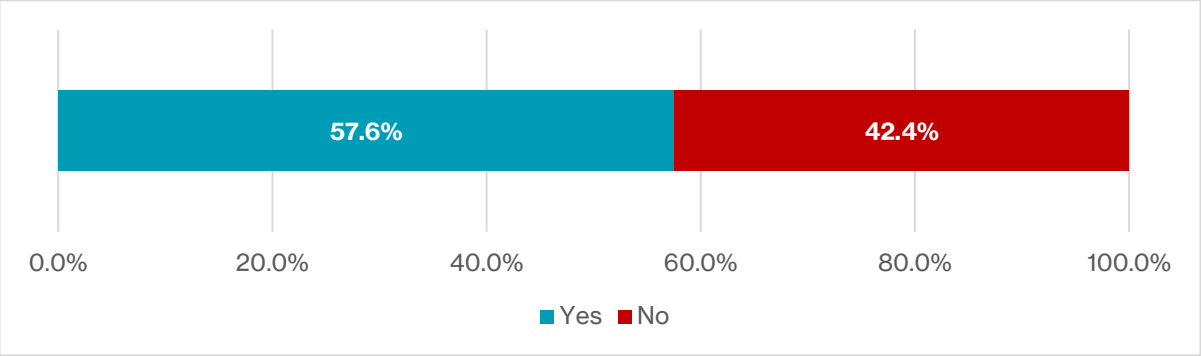
- "Purchases of Machinery has made us grow/expand exponentially- funding has allowed this Productivity has improved due to purchases of more efficient equipment".
- "In securing food accreditation (i.e. SALSA and STS) we are able to access new markets, thereby securing jobs and creating jobs".
- "With encouragement we have approached retail opportunities with success that we would not have considered. We have also been able to fast track manufacturing at a more professional level due to the guidance from FEAST2".
- "New products brought to the market and additional staff to man the new machinery".
- "The two machines help us manufacture more efficiently and give increased output as the business sales grow".
- "Networking opportunities have led to expansion and sales Knowledge from personal has enabled us to grow and scale the business effectively".
- "We can now produce products more efficiently and at larger scale.".
- "I've been able to implement changes as a result of the knowledge gained from the project. This has made my business more lean and efficient".
- "Improved financial literacy".
- "Sales have increased during summer 2022 by about 30% and going forward into 2023 we are looking at increasing sales".

"The equipment I purchased enabled me to improve the efficiency of my production processes and to begin to increase my production capacity. For example, I was able to produce and store a larger stock of sauces used in the production of my ice cream flavours. This gave me more confidence in the production process, and in turn, in seeking and meeting the needs of trade customers. I shortly afterwards took on my first gastro-pub restaurant customer which was the entry point for me into a new market. A customer I still supply today".

b. Product Improvements

57.6% of survey respondents said that their business has benefitted from product improvements as a result of the FEAST2 project. Beneficiaries have extended product shelf-lives and stability, improved compliance and quality, and increased production capacity, all of which can lead to increases in sales.

Has your business benefitted from product improvements as a result of the project?

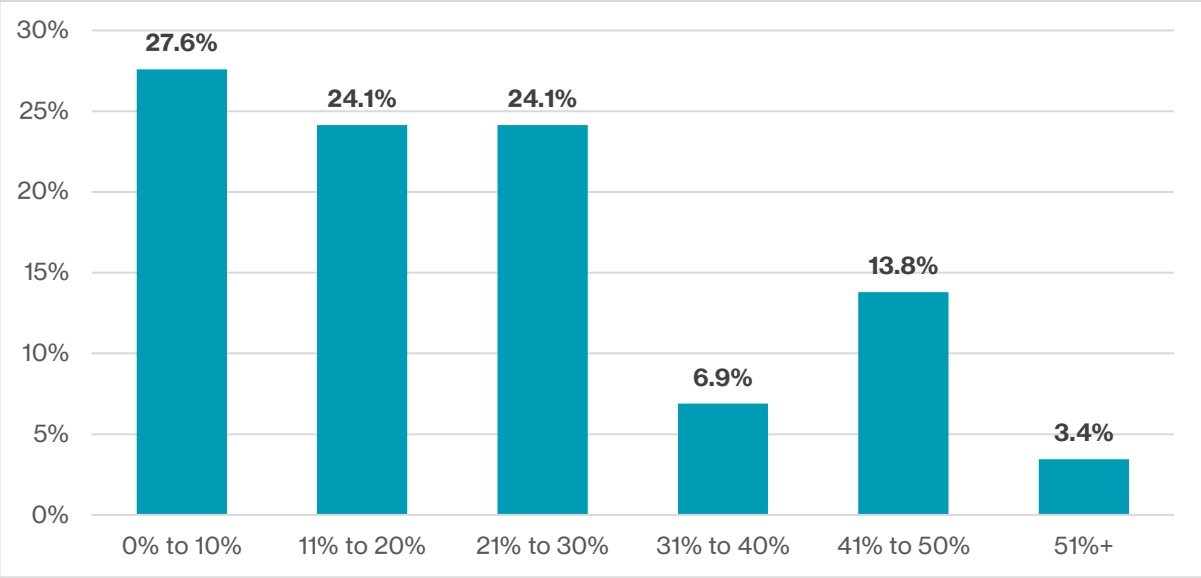


- "Guidance on production procedures and the documentation and testing required to produce longer shelf life resulting in more sales opportunities".
- "Improved products for compliance with ready to eat lines".
- "I followed advice to better understand how to stabilise my products and extend shelf life".
- "We improved the quality of our gin".
- "Larger tanks for storing and blending products ultimately improves consistent as we can produce larger batches".
- "The main improvement has been the ability to cope with demand".

"The blast freezer has enabled me to extend the shelf life of my ice cream through its ability to shock the ice cream produced down to a lower freezing temperature at the point of manufacture rather than overnight in a storage freezer. This inhibits the growth of ice crystals and improves the mouth feel of the product".

c. Productivity

Businesses were asked whether their involvement with the project led to any increase in productivity, and by how much.



The average increase in productivity can therefore be calculated by multiplying the increase in spend by the % of businesses with this spend. We have used midpoint values in these calculations:

- The average increase to date = (8 x 5%) + (7 x 15%) + (7 x 25%) + (2 x 35%) + (4 x 45%) + (1 x 51%) / 29 = **21.4%**

Businesses noted how the project has improved their productivity, with responses including; more efficient processes, production speeds, technical innovation, automated processes, increased batch sizes, new product development, and reduced downtime:

- "Having the ability to scale has enabled us to support more customers and larger customers which we would have struggled to before receiving grant funding. The mentorship has helped us to focus the business".
- "We have increased capacity and installed equipment that have made us more vertically integrated improving margins and protecting our IP".
- "Speeds up the testing process".
- "Faster and more efficient roasting process".
- "It has improved productivity by securing demand for our product by those companies that work only with food safety accredited businesses".
- "The support and knowledge has either validated or disproved some of our thinking and consequent actions which has benefitted the business over the long term".
- "Improved efficiency of administration leading to more time to create".
- "Better machinery more products made on our site and with increased efficiency".
- "More efficient equipment has allowed us to scale up production".
- "Enabled us to produce quickly with less waste".
- "Professional advice on scaling up production. Assistance with the necessary documentation and qualifications required".
- "Part of a previous manual operation has now been mechanised".

"Helped unblock 'bottlenecks' in production, identified areas for technical innovation, provided much need assistance and guidance".

d. Brexit, Covid-19 and Cost-of-Living

Negative Impacts

Businesses were asked how they had been impacted by the UK's withdrawal from the European Union, the Covid-19 pandemic, and the more recent cost-of-living crisis. A number of businesses expressed that these contextual economic pressures led them to engage with the FEAST2 project, which has subsequently improved their resilience to such market shocks.

The survey found that for some businesses Brexit resulted in increased costs and restricted availability of materials, whilst the cost-of-living crisis has reduced sales. The inflationary economic

climate exacerbated by the war in Ukraine is also thought to have resulted in higher energy costs and raw ingredient price rises.

Impact of Brexit:

- "Cost and availability of materials".
- "Brexit has caused issues where we have to order more in advance and there are now export charges and now with the cost of living crisis - Transport charges are being added".
- "Brexit has made exports to Europe very challenging".
- "Brexit set our expansion into EU back by several years".

Impact of Covid-19:

- "Our business found high demand during Covid due to the public not wanting to go into supermarkets and the schools producing food hampers for school children".
- "Covid 19 turned off 60% of our customers".
- "Covid and post-Covid seriously messed up market and buying patterns. Many of our distributors and retail outlets went into administration".

Impact of Cost-of-Living Crisis / War in Ukraine

- "Sales have been slower".
- "The cost of living is affecting the company massively with the energy costs. Electric bills 4 times more than they were, which is unmanageable and diesel being twice the cost".
- "The current cost-of-living crisis is impacting on my thinking and business appraisal. The continuing increase in raw ingredient and energy prices requires me to strike the right balance between profit margin and price points to enable my micro-business to continue to grow in to an SME as I work to scale up my production and therefore sales capacity".
- "The cost-of-living crisis makes consumers revert to the cheaper big brand products".
- "Increased costs and reduced customer spending is now beginning to hit hard".
- "The cost of our core product has gone up by 60% since the Ukraine war broke out which is a massive impact on our business model".

"It has been significantly impacted by the high cost of energy, ingredient price inflation, and cost of living."

FEAST2 Support

Businesses were asked whether the support they received through the FEAST2 project supported them in response to either Brexit, the Covid-19 pandemic or the Cost-of-Living crisis. Although some businesses said that the support they received preceded these events, many others expressed how FEAST2 helped them to become more resilient, sometimes through efficiency and productivity improvements, which could balance out cost increases:

- "We completed the project prior to this and FEAST2 helped us become a business that could withstand the turbulent environment".
- "Recent grant funding for capital expenditure is expected to enable cost efficiencies in production. In turn, this will help reduce costs in this area, with the expectation that this will help balance out the increase in costs elsewhere, e.g. packaging, ingredients, etc."
- "The support of FEAST2 was very help helpful during this difficult time".
- "The help and advice through Covid was invaluable".
- "Only in as much as we have been able to support staff with inflation wage rises while investing in the factory".
- "The continuing increase in raw ingredient and energy prices requires me to strike the right balance between profit margin and price points to enable my micro-business to continue to grow into an SME as I work to scale up my production and therefore sales capacity. Navigating this path / the wider food sector (retail and hospitality) to enable growth perhaps presents an education and or consultancy opportunity for The Food & Drink Forum / The Mallows Co working together and or in conjunction with Local Enterprise Partnerships".
- "Yes during the Pandemic and beyond FEAST2 continue to provide support and opportunities when most needed".

"The webinars held during lockdown were beneficial in meeting other people online, building my network and which in turn has led me to commission a number of services over time. I believe the current cost-of-living crisis is impacting on my thinking and business appraisal. This is a newer phenomenon which possibly is an area with which the FEAST2 programme can help with a renewed funding stream".

e. Environmental or Social Impacts

The survey helps to provide some insight into the additional environmental and social impacts achieved by beneficiaries involved with the FEAST2 project. Anecdotal evidence from the case study interviews suggests that there is a significant shift towards more environmentally conscious processes and packaging, and that businesses are increasingly aware of their social impact. Changing consumer habits have seen plant-based diets become increasingly popular and businesses have pivoted to develop new products in response.

FEAST2's recent support has involved decarbonisation audits which identify where businesses could reduce their energy or water consumption. The grant funding has enabled some businesses to improve the efficiency of their production, which often has an added value benefit of reduction in energy consumption of machinery.

In addition, business growth has also had a knock-on impact for some manufacturers who have been able to hire more local people to keep up with increased demand.

However, it is important to acknowledge that most increases in manufacturing and production activity could have an increased environmental impact as the business scales up. One business said that they were using more raw materials due to their increased production.

A selection of comments from businesses can be found below:

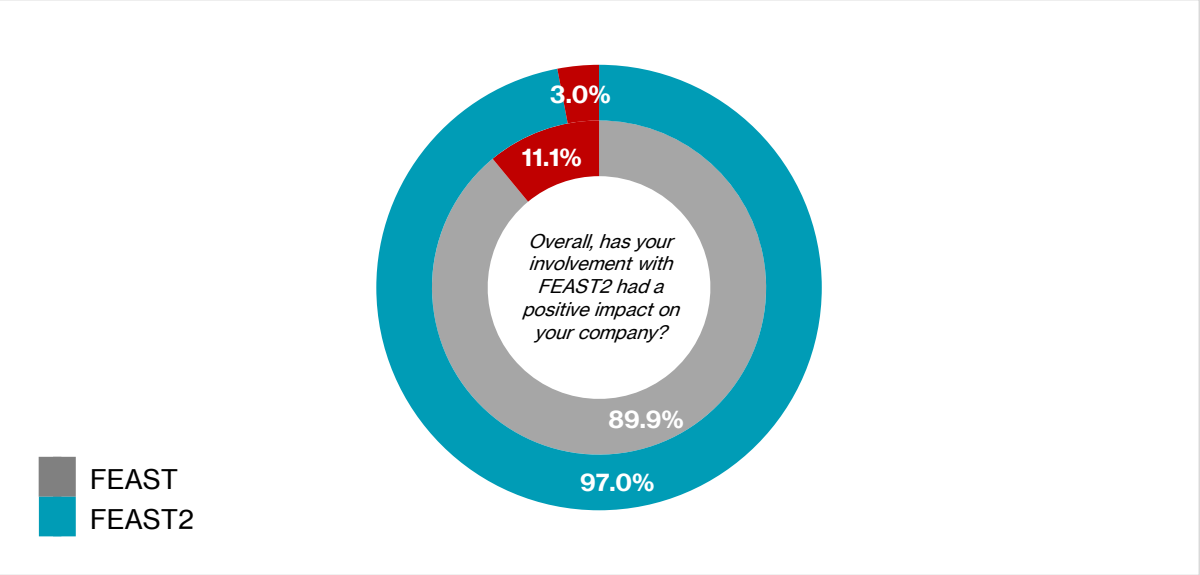
- "Awareness of environmentally friendly solutions to manufacture".
- "We were able to buy equipment that allowed us to use glass bottles instead of tetra pak cartons".
- "Reduction of waste packaging".
- "We are less carbon intensive".
- "Better compliance".
- "Discussions and market knowledge helped our business decide on packaging and social marketing around environmental issues".
- "We have been able to hire more local people".
- "We have a R&D project looking at reusing our waste products. Mushroom mycelium and CO2 produced by the mushrooms growing to grow micro herbs and vegetables".
- "More environmentally-friendly production".

"Yes, as I took the advice given on reducing our environmental impact and sourced different packaging".

5.1.5 Reflections on the FEAST2 Project

Businesses were asked whether overall, their involvement with FEAST2 has had a positive impact on their company. 96.8% of businesses said that the project had a positive impact on them. To date, FEAST2 has had a positive impact for a higher proportion of businesses (97.0%) than in FEAST (88.9%), which represents progression and improvement from the first project.

Overall Positive Impact	FEAST	FEAST2
Yes	89.9%	97.0%
No	11.1%	3.0%



When asked to summarise in what way the project had positively impacted their business, the range of responses is testament to the number of different benefits businesses can draw from working with FEAST2. For some, the project has helped them to expand customer base and access new markets, develop networks and connections, accelerate business growth, improve credibility and sustainability, develop new innovative products, and improve processes.

For others, FEAST2 has provided specialist expertise that they would not have been able to access by themselves or has helped them to afford a piece of equipment which was otherwise unobtainable. In many cases, purchasing equipment has had huge impacts on long-term production capacity and production efficiency, and has helped businesses to scale-up and even recruit new staff to meet the increased demand.

A selection of responses can be found below:

- "The machines invested in are a great addition to the production facility and will give several years' service and long term efficiency improvements".
- "I have been able to create a sustainable business that produces an innovative product that was previously being made abroad".
- "Helped us create a state-of-the-art factory with the necessary accreditation that larger customers we hoped to attract require".
- "Routes to access information and support. Opportunities to network and share knowledge with other food producers. Better understanding of manufacturing options".
- "Offered us a level of advice and professional advice that has enabled us to fast track the launch of our business".
- "Allowed us to be competitive and manufacture at scale".
- "We are a more efficient and compliant operation".
- "A better framework for the website should mean people will be able to buy our products easier Better branding makes our product stand out from others.".
- "The project help lay foundations and the building blocks for long term success".
- "It enables us to buy better equipment and therefore it will have long term affect".
- "The business continues to increase sales more efficiently".
- "Better production process and ability to offer the service to other companies for their ABV testing".

"It has made us credible and sustainable. 1 in 5 businesses fail in Food & Drink, FEAST2 sways those odds hugely in our favour".

5.1.6 Improvements and Suggestions

Businesses were asked whether FEAST2 could be improved in terms of the ways in which it delivers support, and what support food and drink manufacturers need in the future. Businesses highlighted the following as key areas of support needed by the food and drink manufacturing sector:

- Capital grant funding (with higher intervention rates) for production and retail
- Revenue funding for ecommerce, website development, sales and marketing
- Exporting guidance
- Networking opportunities
- Business growth and financial planning advice
- Staff training courses
- Mentoring for start-ups
- Decarbonisation support.

A selection of suggestions is below:

- "To help with capital investment is vital and pays back. Support with exporting to EU now things are costly and complicated. Maybe a vehicle to help small business reach new markets".
- "More funding to be made available at 80% would be great for us to grow the production side of the business, which is greatly in need of investment in capital expenditure".
- "More regular general networking events - informal, and low key".
- "Continued support with advice for business growth strategies. Assistance with financial planning and possible funding opportunities leading to business growth".
- "Advice and access to private investors".
- "More grants for production and retail improvements. Courses for staff that are in depth such as IT, SM and sales".
- "Funding for Co-Packing solutions".
- "Mentoring for start-ups".
- "We would benefit if there was funding available for non-capital expenditure such as ecommerce, web-site development, support in areas such as sales and marketing strategy".
- "A regular meet up would be useful to review ongoing opportunities".
- "Advertising through different methods that are free or with little cost. Using TikTok Getting products into shops not big shops smaller independent types".
- "Local networking events to promote community over competition. Share best practice, share competitive suppliers, be encouraged".
- "Need to reduce carbon footprint. Especially heat and water wastage. We need to look at heat recovery and water consumption".
- "Grants for energy efficient compressors for the fridges and sensor lighting would help the energy bills".

5.1.7 Additional Feedback

Businesses were asked if they had any other comments. Businesses attributed greater confidence, ambition, business growth, production growth and the adoption of environmentally-conscious practices to their involvement with the FEAST2 project, commending online webinars, technical support and networking. The survey responses demonstrate a clear willingness to continue engaging with the Food and Drink Forum/The Mallows Company as a means of driving further business growth.

The results are shown below:

- "Thank you for the input and opportunities provided by your online webinars, and access to funded technical support".
- "The team have offered support that has furthered our business confidence. We have been able to launch our product ahead of schedule".
- "There would be no business (or taxable income or jobs) without FEAST2".
- "Brilliant programme and grateful to be part of it! Greater awareness needs to be made - especially to start ups who could do with the help".
- "By getting the grants for equipment we have increased production and made the process more environmentally sound".

"We are always open for more support. As a business we are planning to open a micro brewery, a bakery, a kitchen, and extended our workshops. We are presently building a mushroom farm. Can Feast2 assist with our ambitious plans? If so how are you able to get involved, and in what form would this involvement be?"

5.2 Summary – Questionnaire for Beneficiary Businesses

The results from the questionnaire illustrate the wide array of benefits that businesses have had from working with FEAST2.

- Businesses were asked what they produce. The high frequency of 'vegan' and 'plant' products included in the diagram reflect changing consumer habits and a greater awareness of sustainability and plant-based diets. The FEAST2 project is characterised by diversity, with each business being different and each presenting a unique challenge. 58.8% of businesses said that they sell products online.

- Anecdotal evidence from beneficiary businesses consulted with as part of the case studies suggest that FEAST2, and The Food and Drink Forum in particular, have a strong brand and reputation in the D2N2 and SEMLEP areas. This is evidenced by the fact that 38.2% of respondents said that they found out about FEAST2 via word of mouth. The project has also developed a strong referral mechanism with the LEPs, Councils, Chambers of Commerce and other stakeholders in each LEP area.

- Motivations for engaging with FEAST2 varied; a number of businesses noted that they were seeking to overcome challenges relating to new health and safety legislation, changing consumer behaviours, a lack of technical support, and growth/expansion barriers. For some, the pandemic represented a significant challenge to delivery, whereas for others, it presented an opportunity for expansion.

- The data is overwhelmingly positive; more than three-quarters of businesses surveyed said that as a result of the project, they produce more efficiently, whilst more than half of businesses said that they have increased the scale of manufacturing, created new jobs, and are able to

better meet the needs or requirements of customers. Nearly half have increased sales (including internet sales), become more competitive/have a competitive advantage, and are more aware of opportunities for their business in the food and drink manufacturing sector.

- Moreover, 57.6% have directly benefitted from product improvements as a result of the project. Beneficiaries have extended product shelf-lives and stability, improved compliance and quality, and increased production capacity, all of which can lead to increases in sales.

- 97.0% of businesses said that the project had a positive impact on them. For some, the project has helped them to expand customer base and access new markets, develop networks and connections, accelerate business growth, improve credibility and sustainability, develop new innovative products, and improve processes.

- Businesses have increased their productivity by an average of 21.4% as a result of the project. Businesses noted how the project has improved their productivity, which include more efficient processes, production speeds, technical innovation, automated processes, increased batch sizes, new product development, and reduced downtime:

- For some, the project has helped them to build confidence, develop knowledge, create a business growth plan, diversify, develop new products, and improve processes. For others, FEAST2 has provided specialist expertise that they would not have been able to access by themselves or has helped them to afford a piece of equipment which was otherwise unobtainable.

- The survey found that for some businesses Brexit resulted in increased costs and restricted availability of materials, whilst the cost-of-living crisis has reduced sales. The inflationary economic climate exacerbated by the war in Ukraine is also thought to have resulted in higher energy costs and raw ingredient price rises. Although some businesses said that the support they received preceded these events, many others expressed how FEAST2 helped them to become more resilient, sometimes through efficiency and productivity improvements, which could balance out cost increases.

- Anecdotal evidence from the case study interviews suggests that there is a significant shift towards more environmentally conscious processes and packaging, and that businesses are increasingly aware of their social impact. FEAST2's recent support has involved decarbonisation audits which identify where businesses could reduce their energy or water consumption.

- Businesses highlighted the following as key areas of support needed by the food and drink manufacturing sector: capital grant funding for production and retail; revenue funding for ecommerce, website development, sales and marketing; exporting guidance; networking opportunities; business growth and financial planning advice; staff training courses; mentoring for start-ups; and decarbonisation support.

6.0 Project Outcomes and Impact – Case Studies

As part of this evaluation, seven beneficiaries of the FEAST2 project were consulted directly to produce more comprehensive case studies looking at the impact that the project has had across both the D2N2 and SEMLEP areas.

The following case studies are included:

- Chef's Cut Butchery
- The Toffee Hut
- Stewarts of Trent Bridge
- YumChop Foods
- Harrison & Griffiths
- Origin Kitchen
- Curious Vegan.

The case studies are shown over the following pages.

6.1 Chef's Cut Butchery

Background

Registered in February 2021, Chefs Cut Butchery are both a wholesale supplier of meat products and a retailer of meat boxes. Based out of an industrial unit in Long Eaton, the fledgling business is the exclusive supplier of meat products to a number of restaurants in the Nottingham area, with an ambition (and a demand) to grow in size and scope over the next few years. Chef's Cut supply the likes of Baresca, Escabeche, Perkins and Carriage Hall in Nottingham and the surrounding area.

Established in lockdown, borne out of a history of working in meat sales in the Midlands and incentivized by a period on furlough, the business sought to serve a regional customer base that were logistically becoming difficult to reach efficiently from suppliers outside of the region. The business was set up to meet a market demand for locally-sourced meat in the East Midlands. All meat is sourced from a range of farms across the country; the business traces the origin of all meat products to ensure that their customers have the best products available to work with.

The business model is based around taking the labour out of the meat preparation process, acting as an extended kitchen to their customers, set up from a chef's perspective rather than from a butcher's. The business better understands how chefs are going to use the product, and provides ready-to-cook cuts, at a much higher scale than a traditional butcher. The products are therefore bespoke, with cuts developed alongside the client, with unique recipes, that go straight on their menu.

The business is also looking to develop boxes of locally-sourced meat products that can be sold online. The boxes, at £30-£40 each, will feature a range of meats and cuts (primarily sausages, burgers, koftas, chicken, pork loin steaks etc.). The meat is of high quality, made of exclusively shoulder/ belly over traditional 'trim'.

Engagement with FEAST2

The business first encountered the project via online research, looking for any support available to food and drink manufacturers specifically. Having first made contact with the D2N2 Growth Hub, the business sought specific support from FEAST2 as the LEP could only offer generic business support. The business had previously sought alternative government funding, but felt as though it came with too many conditions, and ultimately was more of a loan, more requirements, and required more payback. To date, the project hasn't had support from anywhere else, and isn't aware of any food-centric business support programmes.

Seeking assistance – both financial and technical – to set up the business, Chef's Cut applied for a grant to help fund the cold room that forms the main foundation of the business production space, in which all machinery and food production sits.

Within a week or two of contact, the paperwork was completed. The enrolment process was somewhat longwinded – in terms of eligibility criteria – but it is understood that with any funding, this is essential. A grant of around £3,500 was secured for the cold production room, and the business was quickly established.

Subsequently, the business sought technical support from FEAST2 for a number of processes. The grant helped with the set-up, to structure the priorities, getting the cold room in place, before the technical support was crucial for formalising all production processes in order to meet the required Environmental Health standards. The FEAST2 team supported with the development of a food safety flowchart, breaking down all processes in the business, including temperature controls, staff training records, cleaning instructions, check sheets, health questionnaires, employment screenings, audits – all of which is fundamental from a food safety perspective. The team developed a simple and efficient monitoring framework.

Impact of Engagement with FEAST2

The grant secured from FEAST2 enabled Chef's Cut to invest in higher quality equipment than what was previously affordable, allowing the business to purchase new machinery, instead of investing in reconditioned or second-hand pieces that can't offer the same warranties, piece of mind, or quality that newer machines can. With the grant secured, the business was able to secure a cold room that takes up the ground floor of the industrial unit in Long Eaton, and has enabled the purchase of higher quality machinery, including a new sausage machine, mincer, mixer, and vacuum packing machine.

The support from FEAST2 supplemented the businesses growth; the financial support helped to take pressure off and allowed the business to increase spending elsewhere. The funding also gave the business peace of mind, to be able to purchase equipment from a reputable supplier, who installed it and commissioned it for them, there is a lot more confidence than buying reconditioned or second-hand equipment.

Food safety management systems improve the traceability of food products, providing batch codes for product labels, allowing both consumers and producers to better trace where their food is coming from. The technical support provided advised the business on how to meet the required standards, helping the business to safely sell to individual customers, and to wholesale up to 2 tonnes within a 30-mile radius. A food safety system is fundamental to both the business core offer – wholesale meat products – and to its diversification into food boxes in its effort to survive and thrive in a Covid-19-impacted industry.

To move to a larger wholesale level, the business will need to be Food Standards Agency (FSA) accredited, which will enable the business to become a registered cutting plant, but they are already working to those standards with the cold room they have and the facilities, it will be a formality.

As a result of the technical support, the business is already working to appropriate standards to meet the FSA requirements, which means they are ahead of the game, working to the best standards. Overall, the accreditation gives the business confidence in their own model and processes.

Despite only trading for a few weeks, the business is exceeding expectations and will soon be recruiting an additional member of staff to assist with production.

Impact of Covid-19

Although the impact of Covid-19 on hospitality was well-publicized, the impact on food and drink manufacturing supply chains has been less prevalent but equally as difficult. The pandemic necessitated diversification, and the business has been developing food boxes to tap into different audiences. The boxes will also help to increase the businesses product range and improve the cashflow of a business which is hitherto reliant on wholesale contracts. The boxes, soon to be available online, will be marketed with local, regional features, tapping into the sustainability market where traceability is considered vital. The technical support provided by FEAST2 to facilitate business growth has allowed the business to pursue these alternative markets.

The Process

The FEAST2 team were praised for regularly checking-in on the business in the weeks and months following their support.

The Future

There is already significant demand for Chef's Cut's offer – the business could double or even triple its market if they wanted to, but the business model prioritises stable growth. At the moment, all produce is already sold before its brought in. The wholesale side will naturally grow – at which point FEAST2 will be engaged again. There are opportunities in Birmingham to increase sales by £3,000-£4,000 per week when required, but there is thought to be plenty locally to fill the capacity at the existing site. The business has low overheads, and so there is no rush to scale-up too quickly, they're going to fill consistent orders that they can manage and manage growth appropriately.

In the short-term, the business is aiming to consolidate their strong starting position, which represents sales of c.£2,500 per week. Moving forwards, the business wants to supply c.50 food boxes in addition to the wholesale side, which will support a target of £1,000 sales production per day. Existing wholesale is likely to reach sales of £3,000-£3,500 per week which enables the business to be self-sufficient. This will help them to source better products, produce better products, and provide a better service – as well as recruiting more staff.

6.2 The Toffee Hut

Background

Inspired to create a business out of a passion for home-baking, the Toffee Hut has established itself as a confectionary retailer and wholesaler on Regent Street in Mansfield in April 2021. The business idea originally started as an online sweet business in August 2019 that would act as a wholesaler and supplier of toffees to retailers, including the likes of Selfridges and Harrods. The shop now sells sweet treats, including homemade toffee and fudge, hot drinks, and other local brands such as 200 Degrees Coffee and The Beeston Brownie Company from Nottingham.

The Toffee Hut employs three people (excluding Rachel) on a 30-hour, 16-hour, and Saturday basis.

Engagement with FEAST2

Perhaps unconventionally, the business plan was based on a number of secure orders, before a sale was ever made. Unbeknown to the business, despite a number of contracts and agreements already being place, the orders required SALSA accreditation in order to meet food safety standards. Having contacted the project, a FEAST2 advisor recommended that the business seek SALSA accreditation to sell wholesale in order to meet the requirements needed to sell at Harrods. Prior to engaging with the project, the business had no awareness of SALSA or any other forms of accreditation.

SALSA certification would help to open up new markets and supply Toffee Huts products to national and regional buyer's wholesale. SALSA is far more in-depth and is primarily concerned with traceability.

Moreover, the immediate market interest in wholesale homemade toffee and confectionary also necessitated a need for a commercial kitchen space.

An opportunity arose in Mansfield, offering a commercial property at ground level, with a basement that would be appropriate for a commercial kitchen.

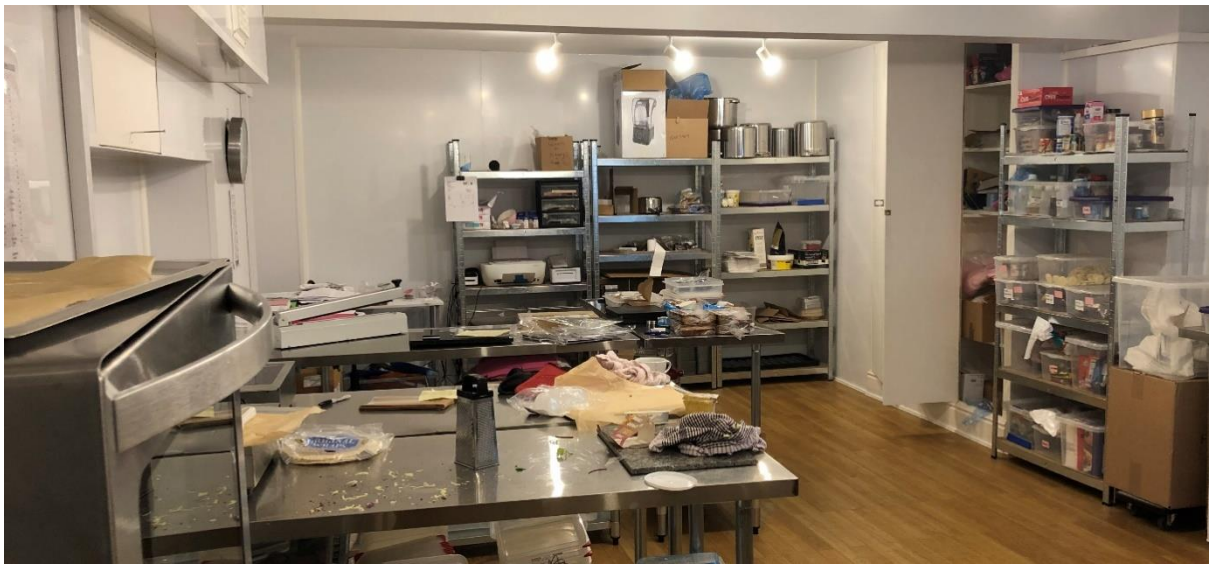
There was little financial support available to Rachel as Toffee Hut did not qualify for any government grants, apart from the bounce-back loan, as the business opened during the pandemic. However, grant support from FEAST2 of close to £1,000 has gone towards the cooking facilities, crockery, fridges, freezers, everything to do with the manufacturing side. The shop opened on the 12th April, and has since seen exponential growth; to date, the premises is self-sufficient, and covers the 3 new staff – including a part-time member at weekends.

After securing a premises with enough capacity to meet the standing wholesale orders, FEAST2 provided a wealth of technical support to ensure the business was ready to trade. The webinars and mentorship provided food technical support to help with process flow, food hygiene and safety, nutritional analysis, recipe costing and pricing, long-term planning, and finding a commercial kitchen and store premises.

Impact of Engagement with FEAST2

The Toffee Hut had approached alternative means of business support, including the local council, but were initially rebuffed as a start-up. The business had also engaged with D2N2, who had little to no specific knowledge on the food and drink sector at all – the business didn't find them to be useful at all.

FEAST2 supported Toffee Hut in their search of a new premises, considering a range of options including converting the garage at the business owners' home, also discussing the requirements from a food safety perspective. The project also advised on property values, and also considered letting The Forum's own food premises. The engagement with FEAST2 made the business consider the future, and where they want to be, and helped them to conduct a long-term review, as opposed to simply meeting short-term aims. Eventually, after securing the premises with the help of the FEAST2 team, the business qualified for an empty-shop grant from the district council.



FEAST2 also facilitated a number of profitable relationships through The Forum's extensive network of food and drink manufacturers in the East Midlands. As a direct result of a referral made through the project, Toffee Hut were aligned with the Treat Kitchen, who buy locally-made confectionary and sell it under their own brand. Still in its infancy, with little track record of its own, Toffee Hut were able to secure a year-long order off the back of connections made through the FEAST2 project. The Treat Kitchen is associated with Harrods, Selfridges and larger supermarkets (even Belgium, and they sell it direct through their store in Nottingham), which offered a real area of opportunity, but they couldn't sell under the Toffee Hut brand until the business was SALSA accredited. FEAST2's support has allowed them to have their branding in all these places. Toffee Hut have a programme of 200kg orders of toffee for the Treat Kitchen, which alongside the retail arm of the business, is enough to nearly fill the capacity of the existing commercial kitchen. Any additional orders on top of the Treat Kitchen will require an even bigger premises.

A further example of the Food and Drink Forum's extensive network benefitting the project beneficiaries is the relationship facilitated between the Toffee Hut and Chocolate Solutions – after being introduced by the FEAST2 team, the Toffee Hut has been able to secure their chocolate supply at a cheaper price and have since commissioned Chocolate Solutions to produce their handcrafted chocolate bars.

As the business develops new products and offers for customers, the market is growing as people visit the brand for more reason than simply confectionary. The Toffee Hut have established a number of collaborative relationships with other well-known local brands, including 200 Degrees Coffee, The Beeston Brownie Company, and Cakey's Cheesecakes.

The Toffee Hut also now hosts a range of pop-up events from other local businesses, including Cheeky Pancakes, which produce mini-Dutch pancakes in Nottingham, and Project Doughnut, which creates handmade luxury doughnuts in Nottingham, Leicester, and Lincoln. The business is also the producer of the world's hottest chili toffee for The League of Fire, a contest and league-table-based website for chili-eating champions. There is an increasing demand for vegan options too, for which the Toffee Hut has also hosted promotional events to market dairy-free products.

Impact of Covid-19

The Covid-19 pandemic threw everything into doubt, with the kitchen taken off the market, income had ceased, and the future looked bleak. Toffee Hut sought support from FEAST2 out of desperation, at a time when food and drink manufacturers were doing everything they could just to survive. They issued samples, and started looking at premises again, which was constrained by the lockdown restrictions. Prior to any support, the business was reliant on online sales, although this wasn't sufficient to maintain the business model.

The Future

The business has transitioned from a home-based, small-scale kitchen project to a wholesale and retail model. In the future, Rachel is looking to expand to a larger commercial kitchen space to meet the growing demand for her wholesale products and she has aspirations to open another store location, possibly in Nottingham.

Process

The online webinars were very accessible and provided expert advice tailored to the food and drink industry. Although the webinars were online, there were still opportunities to ask questions, and if anything, it was easier to make notes, and to listen to other businesses on the same webinar.

Lessons Learnt

The support has been invaluable, with so much expertise available, in SALSA accreditation, in marketing, in business set ups – to combine them all into one coherent service, is invaluable for food and drink manufacturers. To also offer financial support is considerable. The business said that they can't put a price on the networking and referrals made through the project.

Rachels said that "I wouldn't be where I am today if it wasn't for the support" from FEAST2 through the grant funding's financial support, expertise, and network of connections that have enabled the expansion and growth of the Toffee Hut from an online shop to commercial kitchen. It has helped create three permanent jobs and increased the number of partnerships with other local businesses.

6.3 Stewarts of Trent Bridge

Background

Based out of a converted fruit-and-veg market in Nottingham's Sneinton Market, Stewarts of Trent Bridge are independent coffee roasters who provide retail, subscription, and wholesale services to home and trade customers, including top-class restaurants, hotels, cafes, coffee shops and businesses. The business uses green coffee beans chosen, crafted, and packed in the Coffee Roastery in Nottingham city centre and are traceable back to the farmer or the cooperative to ensure a fair-trade agreement. Stewarts showcase their coffee at their own coffee shop next door, Blend, in the heart of the city's Creative Quarter.

Stewarts' wholesale coffee is sold throughout the UK and also offer machinery and barista training for businesses of all sizes. Roasts are sold via a monthly delivery service. Most customers are based in Nottingham, with 60-70 placing orders of 2-3kg per week, these including coffee shops, farm shops, Deli's, sporting facilities, and mobile coffee units.

Barista training is offered at Stewarts for novices or experts providing training on the process of roasting to brewing, setting up equipment, drinks production, presentation, care, and maintenance of machines. The 'Espresso Basic' workshop is a 1.5-hour session that introduces the basics around coffee, including using and cleaning a professional espresso machine, making an espresso and milk texture to create basic latte art. The 'Homebrew Workshop' is a 1-hour session that focuses on improving daily brewing and optimising the end product using brew methods including the V60, Cafetiere, and Aeropress. The 'Expresso Advanced,' a 1.5-hour workshop, is for a barista with some previous experience to create the perfect espresso.

Engagement with FEAST2

Stewart's have invested in a few pieces of essential production equipment, supplemented by the grant funding from FEAST2, including a £3,000 coffee grinder, a new hopper, and a new roaster at £25,000.

In addition, as a result of the savings made as a result of the project, the business has been able to purchase Cropster, a specific software tied to the new roaster, which helps to map inventory, roast yields, production levels, product specifics, temperatures of roast, all in real time. The new technology ensures a considerably higher level of consistency, quality and traceability, with data from each roast logged.

Impact of Engagement with FEAST2

The roaster has provided a significant impact for the business, directly halving the time it takes to roast a batch of coffee. The original roaster was purchase by Stewart Falconer, business founder, in 1974 – 10 years before the business was even established. With a production capacity of 9kg of roasted coffee per use, the roaster would not meet the demands of a growing business. March 2020 saw the business sell the old roaster, with FEAST2 helping to fund a new 20kg roaster, which has more than doubled the production capacity for the business. Most importantly, the increased capacity will support the next phase of the business's growth.

The new grinder enables Stewart's to automatically grind coffee to a range of different consistencies – be that for espressos, cafetieres, cold-brew or for moka pots. The grinder means the business can offer pre-ground coffee in addition to simply whole bean. The hopper also allows the business to provide a consistent amount of coffee in each bag, and also at a much faster rate.

As a result of consistent growth over the last few years, the business has needed to recruit three new staff, which has helped to define roles within the business – an additional packer and a new roaster joined a university student undertaking a work placement with Stewart's. The student helped the business with marketing, increasing the quality of the coffee, and also assisted with Barista training.

Environmental and Social Impacts

The new modern coffee roaster, nearly 50 years the junior of the original 1974 purchase, is a much more environmentally-friendly piece of equipment. The roaster uses less gas, and has been connected to a Vortex, an after-market system which cuts down on the equipment's emissions using water. The new technology is undoubtedly more economical, which feeds into an increasing effort to make the brand and process more sustainable.

In recent months, the business has also redeveloped their packaging to remove a foil-based lining that is commonplace in most fresh coffee products, to ensure their packaging is recyclable. Stewart's have also begun to use a cycle delivery service for local orders that prides itself in being carbon neutral.

Impact of Covid-19

Commercially, income largely ceased in the first few months of the pandemic, before the easing of restrictions has slowly allowed sales to return to normal in the last few weeks.

However, in response to the Covid-19 pandemic, sales of online domestic coffee and wholesale coffee to mobile units increased exponentially; with traditional coffee shops closing as a result of the nationwide pandemic, there has been a boom of interest in purchasing shop-quality coffee at home, or supplying coffee on a mobile basis to private functions and gardens. The pandemic has also seen people change their career aspirations, which has resulted in a number of new start-ups or people reinventing their business in the area who are looking to sell coffee. As a consequence of a number of long-running trends in the property market, accelerated by the pandemic, new businesses have been able to take advantage of cheap, available commercial property. Customers are diversifying, selling their coffee at pop-ups and online, which in turn creates more demand for Stewart's coffee.

The UK's withdrawal from the European Union has had an indirect impact on the business; with Stewart's coffee machines manufactured in France, delivery times have increased a little due to a number of factors – increasing demand as a result of more people looking to sell coffee themselves; increased issues with importing to the UK, and challenges of obtaining materials. Coffee deliveries have largely remained seamless.

The Future

In the not-too-distant future, the business will outgrow its existing premises in Nottingham's Sneinton Market, with increases in packing, dispatch and production scheduled for the coming months. At present, the business is growing organically, largely through brand awareness and via word of mouth.

In addition to the coffee grinder, roaster, and technology already secured, Stewart's will look to automate processes where possible, including perhaps in pre-weighing and heat-sealing packages, in order to meet increased demand.

There is a considerable need for the grant funding and business support provided by the FEAST2 project and The Food and Drink Forum, especially for businesses with little experience or who are just starting out. Technical elements such as food safety, production certifications, finance, are all considered to be significant barriers. There is an understanding that taking up external support is rarely a priority for small businesses, but advertising grant funding is thought to be a strong draw.

The business commends the Food and Drink Forum as a good organisation; anything that strives to support individual businesses, particularly financially, to help them move to the next step, is invaluable. With regards to process, the business has found working with FEAST2 to be straightforward, simple and fairly informal, without any prohibitive bureaucracy or challenging paperwork.

Stewart's have previously signed-up to the British Independent Retailers Association (BIRA). Membership to BIRA provides preferential rates on generic business services; Stewart's have sought help with HR in the past. However, the support is not targeted at food and drink businesses.

6.4 YumChop Foods

Background

With a name derived from a Nigerian slang term for 'eat your food', YumChop's ambition is to create authentic African meals that are free from any added preservatives, colouring or flavourings with only responsibly sourced and fresh ingredients, natural spices and herbs. Borne out of an archive of traditional foods and recipes, the business fuses African meals and flavours with meals from other cultures, offering a number of products based around their flagship Jerk Chicken with Halal compliant meals. Whilst there are many independent providers of African cuisine through pop-up shops and restaurants, they are still hugely underrepresented in the mainstream market. Yumchop was launched in 2016 to provide frozen ready meal cuisines from around the world with an African twist.

The Towcester-based business has 2 primary services:

- Deployment of Yumchop 24/7 Automatic Retail Kiosk Service
- Direct Supply for Retailers and Large Organisations.

Yumchop's automated vending kiosks were commissioned in 2018 and support the "food on the go" concept and provide access to meals 24 hours a day with an integrated commercial microwave facility to warm the food. They supply these automatic vending machines to universities, including Imperial College University through TUCO (The University Catering Organisation), and London and NHS Hospitals (including Kettering General Hospital) through an NHS Food Framework agreement with NHS Supply chain to supply hot food and drinks.

The kiosks also have the capacity for remote management of stock, giving real-time access to data intelligence to support the re-stocking of products. Data from student campuses and hospitals suggest that the offer is popular during all hours of the day, in part due to the accessibility of hot food 24/7, and the perpetual nature of those locations.

The businesses menu comprises over 30 dishes and a range of extras, including non-vegetarian, halal and vegetarian dishes. The meals are flash-frozen to retain taste, texture, and quality and provide a hassle-free experience for customers, removing meal preparation and cooking as they defrost in minutes. The benefits of frozen food are reported to be a retaining of freshness, time saving, longer life, simplicity, and the reduction of food waste by portioning meals and providing 100% recyclable biodegradable tubs with easy-to-follow instructions, pre-portioned ingredients, and meals.

The business model includes a monthly subscription box service, including Silver (5 tubs, £23.99), Gold (10 tubs, £45.99) and Platinum (15 tubs, £66.99) boxes, as well as Kids, Chicken Leg, and Special Tapas options.

Engagement with FEAST2

The business had conducted market research and identified universities and hospitals as the primary markets for their 24/7 food service. In order to take their concept to a safe, marketable product, the business needed to meet a number of industry requirements and specifications in order to sell their tubs to customers. In an effort to meet the changing requirements of a food and drink industry adapting to increases in online shopping and takeaway options as a result of the trends accelerated by the pandemic, the business engaged with The Mallows Company following a recommendation from another food manufacturer.

Prior to their involvement with the FEAST2 project, Yumchop had received only generic business-orientated support – the likes of SEMLEP and the NatWest Accelerator Programme were useful in

setting up their business but offered no support in the realms of food and drink manufacturing. The business had sought food and drink support specifically in the wider region but found nothing before being recommended to The Mallows Company.

At an initial meeting with The Mallows Company, the growth of the business and the need to move to dedicated production facilities was discussed with the requirement to scale up the equipment. The Mallows FEAST2 adviser, Amanda, recommended technical support that could be offered through FEAST2 and supported them through the grant process.

The FEAST2 team provided a wealth of technical support to secure various certifications and accreditations, whilst providing expertise and advice on a range of subjects including nutritional information, pre-auditing, signposting to important websites and information, as well as data analysis and presentation for customers. In addition, the business benefited from a number of training opportunities at events and webinars on subjects such as product development.

FEAST2's technical support extended beyond accreditations and certifications. In early 2020, Yumchop secured a new premises, an old factory (former restaurant) that had fallen into disrepair. Needing to convert the site to accommodate a food manufacturing set-up, the business used FEAST2 to help provide advice on lay-outs and manufacture flow in order to avoid across-contamination. Yumchop are presently awaiting the results of a recent audit of the site – if all goes to plan, the business will receive a manufacturing audit number.

Yumchop were also able to secure a grant towards a new £20,000 pan that would transform their capacity and productivity.

Impact of Engagement with FEAST2

With the business confessing to having little background or knowledge of food manufacturing or business themselves, the FEAST2 project has been fundamental to their evolution. The project has helped to fill their knowledge gap.

The FEAST2 technical team provided information and guidance to ensure that Yumchop's food tubs are clearly labelled with allergy and nutritional information. Food safety is a key part of their offer; the Kiosks display allergy and nutritional information on large 22-inch touch screens. The technical advice provided by the FEAST2 project has also helped the business to have their entire manufacturing process certified by STS (a leading food, health and safety body on par with SALSA) organisation for the regional supply and distribution of food.

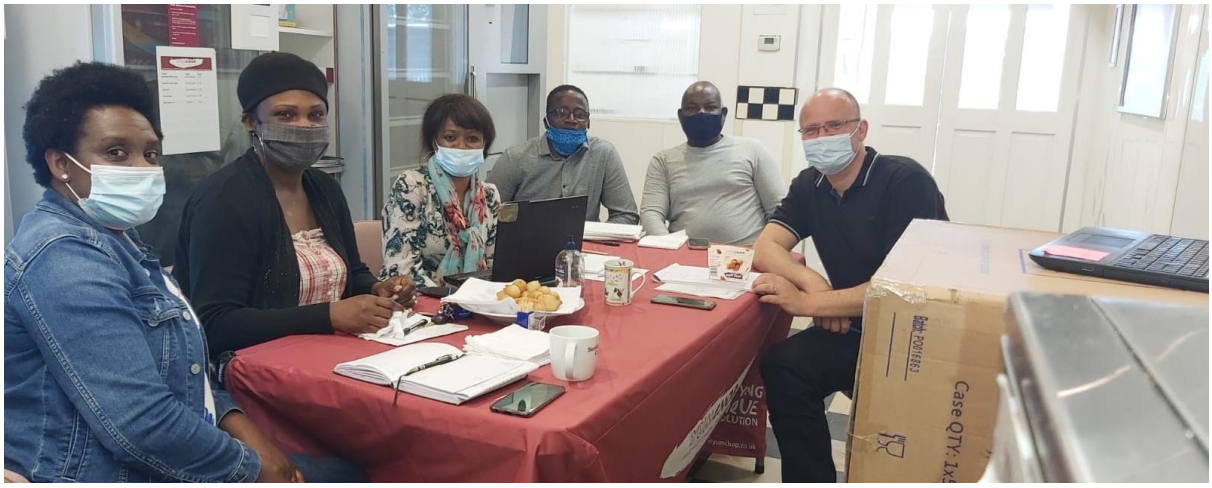
Prior to investing in a new £20,000 pan, the business could produce 150 tubs in each batch in approximately 2.5 hours. With the new pan – and its 40kg capacity – the business can produce over 500 pots in just under 1 hour. The new pan has improved productivity by 70% overall, while having the added benefits of reducing the labour required (the pan has its own stirrer); and decreases the risk of cross contamination.

The Process

For Yumchop, The FEAST2 team have been helpful, approachable and easily accessible at every turn; any time the business faced an upcoming audit, site evaluation, or required advice at short notice, the team were on hand to help.

The Future

Prior to the Covid-19 pandemic, Yumchop had secured agreements to sell their Kiosks to Kings College University London and the University of Bath, and they were in conversations with other universities including London Metropolitan University, the University of Manchester, and the University of Warwick. However, operations ceased with the onset of the nationwide lockdown, as their target market – students – were forced to return home, or work remotely. Over the course of the subsequent year-and-more of restraints associated with the UK's social distancing measures, Yumchop sought to diversify their offer to safeguard their business and to provide an alternative form of income. Yumchop's website has evolved over the past year, as have their subscription boxes.



In the meantime, seeking financial relief of any kind, the business sought a higher-value grant in order to mitigate against their lack of income elsewhere. However, the programme restricts the proportion of grant funding available to beneficiaries. It was suggested that The Mallows Company would be well placed to lobby for additional financial support for food and drink manufacturers in the wake of the pandemic.

In the short-term, the business hopes to be supplying universities again come September 2021, when the new academic term starts, providing the national restrictions have been lifted. In the meantime, Yumchop are concentrating their efforts on securing more contracts with NHS hospitals. The growth plan for the next 18 months includes efforts to secure more hospitals and universities as locations for their kiosks, particularly targeting the south east midlands and the corridor towards London. In recent weeks, Yumchop have secured a contract with Transport for London to implement 10 kiosks across various London train stations, including Stratford Road and Canning Town.

6.5 Harrison & Griffiths

Background

Harrison & Griffiths Bakery are a small, home-based family-run business from Nottingham that has served a national clientele. With a total of 12-years baking experience between the husband-and-wife duo, the business specialises in Caribbean baked goods that featured (and won the baked goods category) in the televised "Aldi's Next Big Thing" competition in 2022. The business's best-sellers – the Fruit and Rum cakes – are offered in full, half or quarter strength.

The pair also sells quarter-strength, half-strength and full-strength rum cakes, gluten-free versions, as well as chilli-chocolate cakes, pineapple cakes and ginger cakes.

Involvement with FEAST2

Harrison & Griffiths have been working with the Food and Drink Forum since their relationship began in 2016, when they met a FEAST representee at Clumber Park through a market event. They have continued to maintain this relationship and support, beginning with capital grant support for new equipment to upscale volumes of orders and more recently (with FEAST2) with technical support. This latter element has enabled the business to take advantage of advice for labelling, paperwork accreditation and training for HACCP and general health & safety.

FEAST2 have also provided networking and coloration opportunities with Nottingham University's Food Innovation Department in Castle Donington; this has led to product development for spiced caramel sauce and rum cream to compliment the bakery's existing products. Harrison & Griffiths will require additional equipment to enable the production of these products onsite, which they have established the forum will continue to support with this endeavour.

Harrison & Griffiths have benefitted from a number of FEAST and FEAST2 business support interventions:

- A FEAST advisor worked with the company, establishing a relationship and developing an action plan for growth.
- A FEAST advisor introduced the company to the NBV Enterprise, from which they are benefitting from 3 years of assistance from a business mentor, currently working towards publishing a Business Plan.
- The couple have attended multiple workshops and networking events with other businesses. The FEAST2 Forum Supper comprised industry speakers discussing pitfalls, success stories and invaluable tips for progress, and was attended by a large number of SMEs showcasing their products.
- The business attended an EMC FEAST Breakfast Bite Event in 2017 exclusively for SMEs.
- Harrison & Griffiths are still utilising FEAST2's services – they are due to attend a buyers event in the coming months in hope of developing their market further.
- Contacts, advice, business courses, information on food allergens, labelling. Knowledge on running a business – "there are lots of areas we wouldn't have even touched on if it wasn't for the Food Forum".
- Networking is considered fundamental to their success – one third of business sales can be attributed to return customers.

In addition, FEAST and FEAST2 have supported Harrison & Griffiths with product development:

- As the business began attending an increasing number of national food and drink shows, the small home-based kitchen set-up proved inadequate in terms of space, facilities and operation.

Harrison & Griffiths used a FEAST grant to purchase two ovens, a mixer, tins and equipment as part of their expansion into their then-new adjacent bakery. The grant was used for essential baking equipment and therefore facilitated expansion in terms of increased product sales.

- The FEAST adviser also facilitated the company's association with designers in Welbeck as a means of redesigning their labels. The adviser made the recommendations to transition to a higher-end, cleaner, more readable and modern design.
- The business attended a FEAST Marketing and Branding Workshop.
- The business mentor provided contacts and recommendations for a website designer, and the company are due to launch a new website in the coming weeks, alongside the new packaging.

Impact of Involvement with FEAST2

The continued support from the FEAST2 team helped the business to participate in "Aldi's Next Big Thing" competition in 2022, which they won and have since seen significantly accelerated demand and sales growth. The Channel 4 show gives small-scale food producers the chance to pitch their idea and pledges to stock the winner in stores; having been making the rum cake in-house since 2016, with the help of an ALDI supplier its production has now been scaled up from around 250 cakes a week to fulfil the order of 30,000.

The rum cake was described as *"the best product I've eaten in the history of products I've eaten"* by Aldi's managing director of buying, Julie Ashfield.

Whilst the business has not received any capital grant support from FEAST2 since 2018, the maintained relationship has enabled continued product development, knowledge exchange and general business support. Harrison & Griffiths credit this support as being transformative to their business and its general success. The availability and access to multiple layers of support ranging from business mentoring, technical, capital and training has been invaluable.

The contacts at the forum are thought to be friendly, professional and knowledgeable, making it easy to ask questions and find out information that otherwise might not be readily available to small, start-up businesses. Due to their own experience with The Forum, the couple have been able to share the value of service with other similar businesses who might not already know about or access FEAST2 support.

6.6 Origin Kitchen

Background

Launched in early 2020 just prior to the Covid-19 pandemic, Origin Kitchen was established by a mother and her two adult sons pursuing a healthier diet. Their approach originates from experimental home-cooking, using whole natural ingredients to deliver a flavourful and nutritious vegan, plant-based product. After turning vegan themselves, they discovered that the existing vegan market for cream-based products - such as mascarpone and double cream - was limited and artificial and so sought to create their own.

All of the business's products are developed using cashews as the base for its creamy texture and natural taste - nutrient dense and full of flavour, cashews also provide antioxidant properties and are packed with minerals.

Origin Kitchen's products include:

- Pot Desserts, including Forest Berry; Mango Passion; Real Chocolate and White Chocolate
- Savoury Spreads, including Basil Pesto; Sundried Tomato and Mushroom & Dill

In 2020, Origin Kitchen began manufacturing their products in a London-based unit, where they lived, distributing via markets and retailers in North London. Quickly gaining popularity, the business began supplying a number of health food stores as well as two national distributors. The increased demand saw the family review their potential for scalability, ultimately deciding that London's costs would not be practical for the organisation's future growth.

In October 2021, Origin Kitchen moved to its current premises to Southglade Business Park in Nottingham, adjacent to The Food and Drink Forum.

Involvement with FEAST2

Origin Kitchen began its relationship with the Food and Drink Forum in the search for new, more affordable and accessible premises. During the transition from London to Nottingham, the FEAST2

team arranged for the business to have access to new cold rooms which were being implemented on the site around the same time. Origin Kitchen were also beneficiaries of a FEAST2 grant.

The technical and business support provided by FEAST2 is thought to have been invaluable; for small businesses, the type of consultancy support provided by the project is prohibitively expensive. The general support from FEAST2 has been flexible and adaptable to the needs of Origin Kitchen and the current unit is larger than what their orders currently demand, providing opportunity for growth and additional orders to be readily accommodated.

Impact of Involvement with FEAST2

The capital grant meant that the company was able to purchase these cold rooms for the Nottingham-based premises, with a swift three-week turnaround reliant on the FEAST2's teams support for securing the required cost quotes and necessary paperwork. The Forum also supported Origin Kitchen to secure a Kickstarter placement (via its relationship with the East Midlands Chamber of Commerce who run the scheme), which was a very successful assignment.

Origin Kitchen's involvement with the FEAST2 project and their now close association with the Food and Drink Forum has helped to add credibility to their business and has given them a strong foundation from which to pursue further growth and expansion. Origin Kitchen have been successful with an application for a second, UK-funded capital grant for purchasing additional equipment to continue scaling-up and product development.

6.7 Eat Curious

Background

Established in 2020, Eat Curious (formerly The Curious Vegan Co.) was launched as part of a pursuit to find more vegan food alternatives to traditional diets. In an effort to find suitable meat-substitute products, Eat Curious developed their first product – chicken nuggets – following a period of in-house and local small-scale market testing to understand the product's commercial viability.

The company was officially launched in October 2021 and has since upscaled its production to fourteen different products, which are distributed B2B nationwide across multiple supermarkets and franchise restaurants. Between September 2022 and February 2023, the company has continued to grow and transform its offer to a wide-ranging one, with plans to expand into substitutes for fish and cheese too. Eat Curious' plant-based range - made from pea protein – even includes substitutes for chicken, pork and beef. The business already offer vegan substitutes for the following:

- Chicken Katsu Curry
- Vegan Roasts
- Vegan Chicken Nuggets
- Sausages
- Kebabs
- Burgers

Involvement with FEAST2

The East Midlands Chamber of Commerce directed the company to The Mallows Company, based in Northampton, who have continued to be instrumental in supporting The Curious Vegan Co. and introduced to them the support that was available from FEAST2.

The purchase of larger food manufacturing equipment with a FEAST2 capital grant has enhanced Eat Curious' capacity to produce increased volumes, allowing the business to better meet the growing demand of their expanding customer base. The purchases have also contributed to an improvement in the overall consistency and quality of their products.

Along with the capital investment, Eat Curious have benefitted from comprehensive business mentoring, and have also profited from sector events and networking opportunities facilitated by The Mallows Company and the FEAST2 team – the pre-existing connections forged over years of delivering business support to food and drink manufacturers in the D2N2 and SEMLEP areas can provide real added value to new project participants; Eat Curious can take advantage of the industry contacts across the FEAST2 network, source advice and knowhow from other manufacturers who have faced similar challenges. From a technical perspective, the FEAST2 project has provided guidance around labelling and product information regulations to support Eat Curious to access new and larger customers.

Impact of Involvement with FEAST2

As a result of their involvement with the FEAST2 project, Eat Curious. have been able to take their small business from a local to national level, supported by the involvement and advice of both the FEAST2 and The Mallows Company teams. As a relatively new business, being able to utilise these local food and drink hubs has been invaluable in transforming the business.

Without the support of FEAST2, the level of growth achieved would not have been possible for a small, start-up business. The project team have helped to provide confidence for the business to fulfil larger volumes whilst considering the associated costs and staffing needs for such growth. The company now employs 12 FTEs, including a Production Team, Technical Manager and Chef; this strategic investment in employment could not have been achieved without the initial investment provided by FEAST2.

The research and development of different products as part of the range has also been fast-tracked by involvement with FEAST2, through larger manufacturing methods and acquiring necessary accreditation to sell to supermarkets – the business now boasts a client base that includes six national supermarkets. FEAST2 have supported Eat Curious to expand their product range from just one meat substitute to a portfolio of fourteen products.

6.8 Summary – Case Studies

- To date, FEAST2 has had a significant impact on all of the businesses consulted as part of the case study analysis. The case studies offer anecdotal evidence of the impact of the project, illustrating examples where grant funding has massively increased productivity and efficiency, or technical support has improved traceability, marketability and facilitated business growth.

- The Covid-19 pandemic forced businesses the change the way they operate – some have developed new products, others are targeting new markets, and two case studies took the opportunity to develop new commercial premises. In two cases here – Chef's Cut and Toffee Hut – businesses have been developed from scratch, with premises secured through assistance from the project, and have tailored their offering to meet a changing consumer market.

- The case studies demonstrate the effectiveness and tangible benefits of providing free business mentoring, grant support and technical support to food and drink manufacturers that mostly have little to no specialist expertise. By involving themselves with the FEAST2 project, the case studies have been able to develop long-term growth plans, rather than simply trying to meet short term targets; in every case, grant funding for equipment quickly translated to increases in production capacity, efficiency, and often job creation.

- Most of the businesses had received mentoring or used webinars to access food technical support to help with process flow, food hygiene and safety, nutritional analysis, recipe costing and pricing, long-term planning, or even finding a commercial premise.

- One case study in particular – Toffee Hut – illustrates the significant advantages of delivering a project with a reputable and experienced brand, that of The Food and Drink Forum. The project, and The Forum, have facilitated relationships between businesses, encouraging collaboration and enabling them to help and support each other. Toffee Hut now boast collaborative partnerships with a number of other local brands.

- The technical support has been a key success of the project, with the relevant case studies expressing that the support was either inaccessible or unaffordable for them without FEAST2.

- In the wake of the Covid-19 pandemic, support on accreditation, food hygiene, food safety and traceability has enabled businesses to diversify, access new markets and develop new products, building resilience and helping them to not only survive the pandemic, but thrive.

7.0 Economic Impact

7.1 Economic Impact Assessment Principles

This section outlines the approach that has been taken to estimate the economic impact that the FEAST2 project has had on the regional economy. It provides a review of the key features of the economic impact methodology and terminology used and details the calculations undertaken.

We have particularly focussed on the quantifiable estimated economic impacts that the business support programme has had, or is anticipated to have, on:

- Additional employment created.
- Additional Gross Value Added created.
- Increase in business turnover.
- Increase in business research and development spend.

Before we detail the findings, we have first highlighted below some of the key principles/features used in the economic impact calculations. We have also included a glossary of the terminology used.

a. Key Features of the Economic Impact Assessment

- The approach taken is rooted in HM Treasury 'Green Book' methodology, using a mix of relevant technical guidance, and judgements, primary data or standard assumptions for key economic factors.
- When using data sources to inform calculations we have applied the following approach:
  - Use of primary sources where possible.
  - Where possible use of data from the project team.
  - Where primary data is not available, we have used standard assumptions.

b. Economic Impact Terminology Used in the Calculations - Glossary

The research undertaken has been designed to estimate the total effect of the business interventions made by FEAST2. This means considering a wide range of consequential or induced effects as well as the immediate effects. Throughout the calculations a variety of factors have been applied to calculate these effects – these are explained below.

- **Additionality**: The impact arising from the intervention that is additional - i.e., it would not have occurred in the absence of the intervention.
- **Multiplier effects**: The further economic activity (jobs, expenditure or income) that is associated with additional local income, local supplier purchases and longer-term effects of the intervention.
  - **Indirect:** The effects of purchases made as a result of the intervention and further purchases associated with linked firms along the supply chain.

  - **Induced**: The effects associated with local expenditure as a result of those who derive incomes from the direct and supply linkage impacts of the project over a set period of time.

- **Deadweight**: The outputs that would have occurred without the intervention.
- **Displacement**: The proportion of intervention outputs accounted for by reduced outputs elsewhere in the target area.
- **Leakage**: The proportion of outputs that benefit those outside of the intervention's target area or group.

7.1.1 Limitations of Economic Impact Assessments

It is important to recognise that there are limitations to any economic impact assessment. Below we have listed both limitations that are applicable to all economic impact assessments and also limitations that are specific to FEAST2.

a. General Economic Impact Constraints

- The approach is constrained to a specific impact area.
- The findings are reliant on the robustness of the 'base case'.
- There is an inability to count non-quantifiable economic benefits that have value to individuals or organisations (e.g., quality of life improvements, profile raising, personal saving on travel time).

b. FEAST2 Specific Economic Impact Constraints

- Only limited numbers of businesses completed their financial information as part of the survey. Whilst this is understandable due to the sensitive nature of the data, it has resulted in the calculations being built on a sample size.
- Some of the calculations, such as job creation, rely on businesses estimating the future predicted impact of their involvement with FEAST2. There will always be some inaccuracy with estimated figures.

Not discounting all of the above it must be noted that the approach taken is cost effective, comparable and is built on economic convention.

7.2 Employment

Firstly, we have investigated the impact that the ERDF funded FEAST2 project has had on existing and predicted future levels of employment.

7.2.1 Additional Employment Created

This section calculates the direct employment that has, or is predicted to be created in the future, as a result of the FEAST2 programme.

These calculations have been based on data gathered through the consultation process. It then goes on to calculate the wider employment impact of the scheme across the D2N2 and SEMLEP areas.

The methodology is shown below:

a. C8 Output Data

As part of the consultation process, businesses were asked whether, as a result of their involvement with FEAST2 they had taken on any new employees. The results are shown in the tables below.

Increase in Staffing as a Result of Involvement with FEAST2		
Number of Additional Staff Employed	**Number of Businesses**	**%**
None	14	45.2%
1 - 5	13	41.9%
6 – 10	3	9.7%
11 – 20	1	3.2%
21+	0	0.0%

We can take midpoints of the ranges to calculate an average of how many jobs businesses have created to date across the project.

- The average increase to date = (13 x 3 jobs) + (3 x 8 jobs) + (1 x 16 jobs) / 17 = **4.6 jobs**

b. Employment Data Collected from Businesses

As part of the consultation process, businesses were asked whether, as a result of their involvement with FEAST2 they were planning to take on any new employees in the next two years. The results are shown in the tables below.

Increase in Staffing as a Result of Involvement with FEAST2		
Number of Additional Staff Predicted to be Employed in 2 Years	**Number of Businesses**	**%**
None	8	25.0%
1 - 5	20	62.5%
6 – 10	2	6.3%
11 – 20	1	3.1%
21+	1	3.1%

From the table we know that of the businesses that plan to increase their staffing over the next 2 years as a result of their work with FEAST2, one has said that “with a new larger facility we expect to add 50+ new employees”. We can take midpoints of the ranges to assume how many jobs businesses are expecting to create in the next 2 years.

- The average predicted increase in the next two years = (20 x 3 jobs) + (2 x 8 jobs) + (1 x 16 jobs) + (1 x 50 jobs) / 32 = **5.9 jobs**

We can pro-rata these figures to estimate the anticipated number of jobs that have been/will be created within all businesses taking part in the ERDF funded FEAST2 project. This has been done using the following calculations:

Estimate of New Jobs Created by all Businesses Taking Part in the Project to Date

Total businesses supported by the project (228 profiled business to date)
X
Percentage of the businesses completing the question in the survey who told us that they have created new jobs as a result of the FEAST2 project (54.8%)
X
Estimated new jobs created in each business as a result of the project (4.6 jobs)

= 575 jobs

Estimate of New Jobs Created by all Businesses Taking Part in the Project in the Next 2 Years

Total businesses supported by the project (228 profiled business to date)
X
Percentage of the businesses completing the question in the survey who told us that they will create new jobs as a result of the FEAST2 project (75.0%)
X
Estimated new jobs created in each business that will create jobs as a result of the project (5.9 jobs)

= 1,009 jobs

Note: calculations assume that businesses who completed the survey are a representative sample for the whole programme. Figures are based on 228 businesses being supported by the programme.

However, as noted above, our economic impact research has been designed to calculate the total effect of the business interventions made by FEAST2. This means considering a wide range of consequential or induced effects as well as the immediate effects. The findings also need to specifically relate to the D2N2 and SEMLEP areas.

These calculations have been undertaken in the next section.

c. Calculating Total Employment Impact for the wider LEP areas

To understand the total impact of these jobs on the LEP areas we have applied the following factors:

i. **Leakage**: *The proportion of outputs that benefit those outside of the intervention's target area or group – in this case the target area is the D2N2 and SEMLEP areas.*
ii. **Multiplier effects**: *Further economic activity (jobs, expenditure or income) associated with additional local income, local supplier purchases and longer-term effects.*
iii. **Deadweight**: *Outputs that would have occurred without the intervention.*
iv. **Displacement**: *The proportion of intervention outputs accounted for by reduced outputs elsewhere in the target area.*

Each of these is considered in more detail over the following pages:

i. Leakage

The leakage factor represents the number of jobs created within the businesses supported that are likely to be outside of the target LEP areas. To estimate this, we have used industry benchmark data from HCA's Additionality Guide (2014).

A Low 'ready reckoner' would apply a 25% leakage factor, defined by 'many of the benefits will go to people living outside the area of benefit/outside of the target group'.

We can therefore assume that 75% of all new jobs created will be jobs located within the target LEP areas.

ii. Multiplier Effect

This section quantifies the employment Multiplier Effect – this is the further economic activity, in this instance jobs, associated with additional local income, local supplier purchases and longer-term effects. The Scottish Office have developed an input-output model using economic data since 1999 which includes the calculation of economic multipliers. They present two different employment multipliers that can be used:

- Type I employment multipliers – the ratio of direct plus indirect employment changes to the direct employment change
- Type II employment multipliers – the ratio of direct plus indirect ***plus induced*** employment changes to the direct employment change.

As we want to capture the induced effect as well as the direct and indirect effects, we have opted to use Type II multipliers (2019) in this instance.

The Scottish Government publishes these multiplier rates for a range of different sectors of the economy – i.e., the multiplier rate is different for each sector of the economy and there are therefore different multipliers for different industries.

As the FEAST2 project works across a variety of sectors there is no one multiplier rate that directly matches with the industry sectors that the support programme has worked with. We have therefore taken an average across a number of relevant sectors. This is shown in the table overleaf.

Employment Multipliers for Different Industry Sectors	
Sector	**Type II Employment Multipliers**
Meat processing	2.7
Fish & fruit processing	2.4
Dairy products, oils & fats processing	2.0
Grain milling and starch	3.2
Bakery & farinaceous	1.4
Other food	1.6
Spirits & wines	2.3
Beer & malt	2.5
Soft drinks	2.1
Food & beverage services	1.2
Average Multiplier	**2.14**
Source: Scottish Government (2022)	

The average Multiplier Effect across all of these industries as shown by the table is 2.14. This is the multiplier that we have used in the later calculations.

iii. **Deadweight**

Scottish Enterprise's 'Additionality and Economic Impact Assessment Guidance Note' sets out a guideline range of values for deadweight, as a percentage of the gross direct effects of the intervention option. A 'Medium' deadweight factor of 50% is applied in this instance, based on data collected from SMEs as part of the business survey. Although the businesses taking part in the consultation directly attributed their increased employment to FEAST2, anecdotal evidence suggests that the project has in some cases accelerated growth that would have happened anyway. We can therefore assume that without this intervention 50% of the outputs would have been achieved anyway.

iiii. **Displacement**

The displacement factor represents the proportion of intervention outputs/outcomes accounted for by reduced outputs/outcomes elsewhere in the target area. To estimate this, we have used industry benchmark data from HCA's Additionality Guide (2014).

A 'Low' displacement factor of 25% has been applied in this instance, defined as "expected to be some displacement effects, although only to a limited extent". From the business consultation questionnaire and consultation with staff, we can see that many of the businesses involved in the business support programme have very niche areas of work. It is reasonably unlikely that expansion by one firm would have an impact on another, but with most being involved in manufacturing, there is some possibility.

Total Employment Impact for the Target LEP Areas to Date

Total Employment Impact for the target LEP areas to date can therefore be counted by calculating:

Jobs Created **(575)**
X
Multiplier **(2.14)**
X
Leakage **(75%)**
X
Deadweight **(50%)**
X
Displacement **(75%)**
=
Estimated Total Employment Impact for the Target LEP Areas to date = 346 Jobs

Total Employment Impact for the Target LEP Areas in the Next 2 Years

Total Employment Impact for the LEP Areas in the next 2 years can therefore be counted by calculating:

Jobs Predicted to be Created **(1,009)**
X
Multiplier **(2.14)**
X
Leakage **(75%)**
X
Deadweight **(50%)**
X
Displacement **(75%)**
=
Estimated Total Employment Impact for the LEP Areas in the Next 2 Years = 607 Jobs

d. Additional Gross Value Added (GVA) Created

This section measures the potential impact that the additional jobs created could have on the Gross Value Added (GVA) in the target LEP areas.

We have used data from the following sources to estimate the average GVA per employee across the LEP areas.

GVA per Employee by LEP		
LEP	**GVA per Employee**	**Source**
D2N2	£49,729	ONS Subregional Productivity (July 2022)
SEMLEP	£56,889	
Average	**£53,309**	

The average GVA per filled job across the target LEP areas is estimated to be £53,309.

Economic Impact of Jobs Created per Annum on Target LEP Areas Economy		
Productivity Measure	**GVA Impact of Employment to Date**	
The average GVA per employee per annum is £53,309	Jobs X	346
	Average GVA per employee per annum	£53,309
	= Increase in GVA	£18,444,914
Productivity Measure	**GVA Impact of Employment in the Next Two Years**	
The average GVA per employee per annum is £53,309	Jobs X	607
	Average GVA per employee per annum	£53,309
	= Increase in GVA	£32,358,563

- The potential total impact for the target LEP areas of jobs created to date as a result of the FEAST2 project after leakage, multipliers, displacement and deadweight have been attributed to **346 jobs**. Assuming these jobs are permanent jobs, these workers would create an additional **£18.4m increase in GVA per annum** for the area.
- The potential total impact for the target LEP areas of jobs predicted to be created in the next two years have been attributed to **607 jobs**. Assuming these jobs are permanent jobs, these workers would create an additional **£32.4m increase in GVA per annum** for the area.

7.3 Research, Development and Innovation Spend

This section quantifies the potential impact that the FEAST2 project has had on Research, Development and Innovation (RD&I) spend amongst the businesses that it has supported.

The methodology is shown below:

Businesses taking part in the consultation survey were asked whether as a result of their involvement with FEAST2 their expenditure on RD&I has increased, and whether it will increase in the next two years. Those businesses who had noted or had forecasted an increased spend on RD&I were asked to indicate by how much. This is shown in the table below.

Increase in RD&I Spend as a Result of Involvement with FEAST2			
Increase in Spend on RD&I to date	**Midpoint of Spend Range**	**# of Businesses**	**% of Businesses**
No impact on RD&I	N/A	17	53.1%
£1 - £9,999	£5,000	7	21.9%
£10,000 - £24,999	£17,500	4	12.5%
£25,000 - £49,999	£37,500	2	6.3%
£50,000 - £99,999	£75,000	0	0.0%
£100,000+	N/A	2	6.3%

One business told us that they have increased their RD&I spend by £150,000, and another said "over" £100,000 (we have assumed this to be £100,000). The average increase in spend can therefore be calculated by multiplying the increase in spend by the % of businesses with this spend. We have used midpoint values in these calculations:

- The average increase to date = (7 x £5,000) + (4 x £17,500) + (2 x £37,500) + (1 x £100,000) + (1 x £150,000) / 15 = **£28,667**

Increase in RD&I Spend as a Result of Involvement with FEAST2			
Increase in Spend on RD&I in the Next 2 Years	**Midpoint of Spend Range**	**# of Businesses**	**% of Businesses**
No impact on RD&I	N/A	15	48.4%
£1 - £9,999	£5,000	9	29.0%
£10,000 - £24,999	£17,500	1	3.2%
£25,000 - £49,999	£37,500	4	12.9%
£50,000 - £99,999	£75,000	0	0.0%
£100,000+	N/A	2	6.5%

A further business told us that they have increased their RD&I spend by £150,000, and another said "over" £100,000 (we have assumed this to be £100,000). The average increase in spend can therefore be calculated by multiplying the increase in spend by the % of businesses with this spend. We have used midpoint values in these calculations:

- The average predicted increase in the next two years = (9 x £5,000) + (1 x £17,500) + (4 x £37,500) + (1 x £100,000) + (1 x £150,000) / 16 = **£28,906**

Impact on Research, Development and Innovation Spend to Date

We can use this information to estimate the predicted spend on RD&I to date of all businesses who took part in the FEAST2 programme by using the following calculation:

Total number of businesses supported **(228)**
X

% of businesses who increased their spend on RD&I as a result of working with FEAST2 to date **(46.9%)**
X
Average increase in spend of those businesses who increased their spend as a result of working with FEAST2 **(£28,667)**
=
Estimated Increase on spend on Research, Development and Innovation = £3,065,420

Impact on Research, Development and Innovation Spend in the Next 2 Years

We can use this information to estimate the predicted spend on RD&I in the next two years of all businesses who took part in the FEAST2 programme by using the following calculation:

Total number of businesses supported **(228)**
X
% of businesses who expect to increase their spend on RD&I as a result of working with FEAST2 in the next two years **(51.6%)**
X
Average increase in spend of those businesses who expect to increase their spend as a result of working with FEAST2 in the next two years **(£28,906)**
=
Estimated Increase on spend on Research, Development and Innovation = £3,400,733

- The potential increase in investment to date in RD&I of businesses supported by the FEAST2 project is **£3.07m**
- The potential increase in investment in the next 2 years in RD&I of businesses supported by the FEAST2 project is **£3.40m**

7.4 Turnover

This section quantifies the estimated impact that the FEAST2 project has had on turnover amongst the businesses that it has supported. The methodology is shown below:

Businesses taking part in the consultation survey were asked whether as a result of their involvement with FEAST2 their turnover has increased or whether it would increase in the next two years. Those businesses who had noted an increased spend on turnover were asked to indicate by how much. This is shown in the tables below.

Increase in Turnover as a Result of Involvement with FEAST2			
Increase in Turnover to date per year	**Midpoint of Range**	**# of Businesses**	**% of Businesses**
No impact on Turnover	N/A	11	37.9%
£1 - £9,999	£5,000	8	27.6%
£10,000 - £24,999	£17,500	2	6.9%

Increase in Turnover as a Result of Involvement with FEAST2			
Increase in Turnover to date per year	**Midpoint of Range**	**# of Businesses**	**% of Businesses**
£25,000 - £49,999	£37,500	3	10.3%
£50,000 - £99,999	£75,000	3	10.3%
£100,000+	N/A	2	6.9%

A number of businesses said that their turnover has increased by more than £100,000 per annum as a result of their involvement with FEAST2. One told us "£1 million", and one told us "unknown but greater than £100,000" (we have assumed £100,000).

"During the years we have received support from FEAST and FEAST 2 our turnover has increased by over 500%".

The average increase in turnover can therefore be calculated by multiplying the average increase in turnover by the % of businesses with this spend. We have used midpoint values in these calculations:

- The average increase to date = (8 x £5,000) + (2 x £17,500) + (3 x £37,500) + (3 x £75,000) + (1 x £100,000) + (1 x £1,000,000) / 18 = **£84,028**

Increase in Turnover as a Result of Involvement with FEAST2			
Increase in Turnover in the Next 2 Years	**Midpoint of Spend Range**	**# of Businesses**	**% of Businesses**
No impact on Turnover	N/A	5	17.2%
£1 - £9,999	£5,000	5	17.2%
£10,000 - £24,999	£17,500	6	20.7%
£25,000 - £49,999	£37,500	5	17.2%
£50,000 - £99,999	£75,000	5	17.2%
£100,000+	N/A	3	10.3%

A number of businesses said that their turnover will increased by more than £100,000 per annum over the next two years as a result of their involvement with FEAST2. Two told us "£500,000", and one told us "£200,000".

The average increase in turnover can therefore be calculated by multiplying the average increase in turnover by the % of businesses with this spend. We have used midpoint values in these calculations:

- The average increase predicted in the next 2 years = (5 x £5,000) + (6 x £17,500) + (5 x £37,500) + (5 x £75,000) + (1 x £200,000) + (2 x £500,000) / 24 = **£78,854**

Impact on Turnover Per Annum to Date

We can use this information to estimate the increased turnover to date of all businesses who took part in the FEAST2 programme by using the following calculation:

Total number of businesses supported **(228)**
X
% of businesses who increased their turnover as a result of working with FEAST2 to date **(62.1%)**
X
Average increase of those businesses who increased their turnover as a result of working the FEAST2 **(£84,028)**
=
Estimated Increase of Turnover to Date = £11,897,356

Impact on Turnover per Annum in the Next 2 Years

We can use this information to estimate the increased turnover predicted in the next 2 years of all businesses who took part in the FEAST2 programme by using the following calculation:

Total number of businesses supported **(228)**
X
% of businesses who are predicting an increase in their turnover as a result of working with FEAST2 in the next 2 years **(82.8%)**
X
Average increase of those businesses who are predicting an increase in their turnover as a result of working with FEAST2 in the next 2 years **(£78,854)**
=
Estimated Increase of Turnover in the Next 2 Years = £14,886,374

Note: calculations assume that businesses who completed the survey are a representative sample for the whole project. Figures are based on 228 businesses being supported by the project

- The potential increase in turnover to date of businesses supported by the FEAST2 project is **£11.90m per annum.**
- The potential increase in turnover in the next 2 years of businesses supported by the FEAST2 project is **£14.89m per annum**.

7.5 Summary - Economic Impact Assessment

A high-level economic impact assessment has been undertaken for the project to understand the potential economic impact that the project has and will have on the businesses supported. The calculations are based on the quantitative data collated through the beneficiary survey.

Economic Impact to Date

- **Employment:** Potential estimated additional total direct and indirect employment impact for the target LEP areas of the FEAST2 project = 346 Jobs Created
- **GVA Impact of Additional Employment:** The anticipated jobs that will be created as a result of the FEAST2 project will have the potential to generate an additional £18.4 million of GVA per annum for the local economy.
- **RD&I Spend:** It is anticipated that businesses supported through the FEAST2 project to date have invested £3.07m (total for all businesses) in RD&I as a result of their involvement with the project.
- **Turnover:** The potential increase in business turnover to date of the businesses supported (total for all businesses) as a result of their involvement with the project is estimated to be circa £11.90m per annum.

Economic Impact in the Next Two Years

- **Employment:** Potential estimated additional total direct and indirect employment impact for the target LEP areas of the FEAST2 project = 607 Jobs Created
- **GVA Impact of Additional Employment:** The anticipated jobs that will be created as a result of the FEAST2 project will have the potential to generate an additional £32.4m of GVA per annum for the local economy.
- **RD&I Spend:** It is anticipated that businesses supported through the FEAST2 project have the potential to invest £3.40m (total for all businesses) in RD&I as a result of their involvement with the project in the next two years.
- **Turnover:** The potential increase in business turnover in the next two years of the businesses supported (total for all businesses) as a result of their involvement with the project is estimated to be circa £14.89m per annum.

Note: All above calculations are based on sample data from businesses completing a questionnaire about their involvement and benefits from working with the FEAST2 project. Calculations assume that the businesses completing the questionnaire are a representative sample of all businesses supported through the project. Figures are based on 228 businesses being supported by the end of the programme.

8.0 Value for Money

To explore the extent to which the FEAST2 project has represented value for money we have applied a simple but standard analysis of the estimated cost per output. This enables comparison to be undertaken with the cost per output achieved within the Priority Axis 3 of the ERDF Programme. Drawing upon the analysis in the consultation and impact assessment sections, this section provides a clear analysis of the value for money that the project has provided and is benchmarked against similar interventions.

It should be noted that this is only an approximate method of understanding efficiency, as projects and programmes deliver a range of activities. The results should be viewed alongside the overall quality and impact of the project.

8.1 Cost per Outputs

8.1.1 ERDF Cost per Outputs

The ERDF England Operational Programme 2014 to 2020 (December 2020) highlighted that the allocation of programme funding for Priority Axis 3 (PA3) was as follows:

- €822,835,839 for More Developed areas equating to £745,686,751.

The table below details the published targets under Priority Axis 3 (PA3). The targets are taken from ERDF England Operational Programme 2014 to 2020 (2020): '2.A.6.5 Table 5: Common and Programme-specific output indicators (by investment priority, broken down by COR for the ERDF). We have calculated the cost per ERDF output by dividing Union Support (£) by the ERDF Target.

ERDF PA3 Cost per Output		
Output	**PA3 Total**	**Cost per ERDF Output**
Number of enterprises receiving information, diagnostic and brokerage support	7,509	£99,306
Number of enterprises receiving support	94,431	£7,897
Number of enterprises receiving grants	62,954	£11,845
Number of enterprises receiving non-financial support	24,529	£30,400
Private investment matching public support to enterprises (grants)	£271,302,376	£2.75
Employment increase in supported enterprises	39,260	£18,994
Number of enterprises supported to introduce new to the firm products	12,107	£61,591

8.1.2 FEAST2 Cost per Outputs

The total budget for the FEAST2 project is £6.05m. The ERDF contribution is £3,026,260. This can be used to work out the costs per output of the outputs contracted and achieved by the project.

The table below shows the cost per output for the contracted outputs – this is what the cost per output was anticipated to be at the start of the project and assumes the full £3,026,260 was spent. It has been calculated using the following calculation:

FEAST2 Contracted Project Budget (ERDF Contribution) / Contracted Outputs = Cost per Output Contracted

The table below also shows the cost per output of the outputs that have been achieved so far by the project. We have taken the 'worst case scenario' – assuming that all of the project contracted spend will be spent but no further outputs will be achieved.

In reality, the actual cost per spend achieved by the end of the FEAST2 project is likely to be better than this, as the numbers of outputs reported by FEAST2 increases as the project draws to a close. These figures should be reviewed once all outputs have been reported.

FEAST2 Cost per Output

Output	Outputs Contracted	Cost per Output	Outputs Achieved	Cost per Output
Number of enterprises receiving information, diagnostic and brokerage support	450	£6,725	375	£8,070
Number of enterprises receiving support	246	£12,302	228	£13,273
Number of enterprises receiving grants	164	£18,453	107	£28,283
Number of enterprises receiving non-financial support	195	£15,519	187	£16,183
Private investment matching public support to enterprises (grants)	£2,356,350	£1.28	£2,694,806	£1.12
Employment increase in supported enterprises	148	£20,448	107	£28,167
Number of enterprises supported to introduce new to the firm products	39	£77,596	42	£72,054

8.2 Benchmarking – Value for Money

The table below shows the cost per output of the FEAST2 project benchmarked against the ERDF PA3 outputs. It shows both the cost per output of the actual outputs achieved to date by the project and the original contracted cost per output that was anticipated at the start of the project.

FEAST2 v ERDF PA3 Cost per Output			
Output	**Contracted Cost per Output**	**Cost per Output Achieved to date**	**Cost per Output – ERDF Programme**
Number of enterprises receiving information, diagnostic and brokerage support	£6,725	£8,070	£99,306
Number of enterprises receiving support	£12,302	£13,273	£7,897
Number of enterprises receiving grants	£18,452.80	£28,282.80	£11,844.95
Number of enterprises receiving non-financial support	£15,519	£16,183	£30,400
Private investment matching public support to enterprises (grants)	£1.28	£1.12	£2.75
Employment increase in supported enterprises	£20,448	£28,167	£18,994
Number of enterprises supported to introduce new to the firm products	£77,596	£72,054	£61,591

The data suggests that when all of the contracted outputs have been achieved, the project will deliver most outputs at a better value for money than the ERDF target for Priority Axis 3.

For some of the outputs the project is performing below the average programme expenditure; enterprises receiving information, diagnostic and brokerage support in particular has been delivered significantly below the programme level "cost per output".

It should be acknowledged that if the project achieves its output relating to employment increases in supported enterprises (as it is expected to do), it will have done so at around the same cost-per-output as the average ERDF programme cost. Moreover, having exceeded its target for private investment matching public support to enterprises (grants), the project has done so at around 41% of the average programme cost.

The table also shows where the project needs to concentrate its resources in order to improve its value for money when compared against the programme level cost per outputs. The project has underperformed so far in terms of cost per output when comparing to the benchmarking for the ERDF programme for:

- Number of enterprises receiving support
- Number of enterprises receiving grants
- Employment increase in supported enterprises
- Number of enterprises supported to introduce new to the firm products.

8.3 Benchmarking – Previous Projects

In 2013, Regeneris, as ex-ante evaluators, were appointed by the Department of Communities and Local Government to research the unit cost of a number of key economic outputs to inform the Local Enterprise Partnership's proposals for the ESIF programme. This work involved analysing data from 1,185 previous projects from across the English regions.

The findings of this research are used to compare the unit cost of some of the FEAST2 outputs.

- Regeneris suggest that for intensive business assistance, a unit cost of £10,000 should be used as a benchmark. To date, the unit for FEAST2 for a P13 output is c.£8,000 and therefore slightly below the suggested unit cost. If further P13 outputs are achieved by the end of the programme, the unit cost will continue to fall below the Regeneris benchmark. For the more intensive C1 outputs, the project will deliver a cost per output slightly above this benchmark figure.
- In terms of jobs created, Regeneris suggested that a mean figure of £50,000 gross cost per job is used. The unit cost per job for FEAST2 is already c.£28,000, nearly half of this unit cost.
- For introducing new to the firm products, Regeneris suggested a unit cost of £28,000. The unit cost for FEAST2 is currently c.£70,000 and therefore above this figure. However, this is expected to reduce somewhat as more outputs are delivered and if the project can achieve its output target it will achieve its outputs at the benchmarked level.

8.4 Summary – Value for Money

Even if no further outputs are achieved the project will have performed well in terms of cost per outputs when compared to the benchmarking for the ERDF programme and Regeneris averages for:

- Number of enterprises receiving information, diagnostic and brokerage support
- Private investment matching public support to enterprises (grants)

It should be acknowledged that if the project achieves its output relating to employment increases in supported enterprises (as it is expected to do), it will have done so at around 60% of the average ERDF programme cost. Moreover, having exceeded its target for private investment matching public support to enterprises (grants), the project has done so at around 41% of the average programme cost.

To date, the unit cost for FEAST2 for enterprises receiving support, grants, jobs and new products outputs are slightly above Regeneris' suggested unit costs. However, these are expected to reduce somewhat as more outputs are delivered.

9.0 Summary, Conclusions and Recommendations

9.1 Lessons Learned from FEAST

- FEAST2 offers a higher level of consistency and quality than the previous Food and Drink iNet and the first FEAST project. Years of delivery experience has translated to a streamlined grant process, efficient project delivery, a simpler reporting system, and a more straightforward application process. This experience has allowed the project to conduct a strict vetting and due diligence process very quickly, turning over grant applications fast when urgency is required for the business, whereas other grant schemes can take months for decisions to be made. FEAST2 is a legacy project, one with a core team that has been in place for a long time, each with their own role and experience.

- As a result of the experience gained from the Food and Drink iNet and FEAST projects, the project has implemented a number of processes to ensure the effective and efficient delivery of the project. Monthly reports and checks on forecasting and outputs ensure they are on track; a new quarterly audit procedure has improved their confidence in their processes, and a fixed grant intervention rate has made the project much easier to manage internally.

- At the time of the interim evaluation, a higher proportion of businesses had accessed industry events in FEAST2 (44.4%) than in FEAST (34.3%), which could be attributed to the greater accessibility afforded by hosting events online as well as in-person. A slightly higher share of businesses had accessed technical support (61.1% in FEAST2 and 52.9% in FEAST), which was arguably due to the additional complexities resulting from the Covid-19 pandemic and the UK's withdrawal from the EU. These rates have since returned to similar levels, but survey responses illustrate how the Covid-19 pandemic, Brexit, the Cost-of-Living Crisis and the war in Ukraine have disproportionately impacted food and drink manufacturers.

- 97.0% of businesses said that the project had a positive impact on them. To date, FEAST2 has had a positive impact for a higher proportion of businesses (97.0%) than in FEAST (88.9%), which represents progression and improvement from the first project.

- FEAST2 has deployed a standard grant intervention rate across the board, regardless of business size, which has improved consistency and ease of understanding by the SMEs.

9.2 Conclusions

The main conclusions that can be drawn at the interim evaluation stage are:

- The project has benefitted from the successful delivery of the Food and Drink iNet and FEAST projects, offering a higher level of consistency and quality, with accuracy having improved due to increasing experience of the team delivering ERDF-funded projects. The years of experience translates to a streamlined grant process, efficient project delivery, a simpler reporting system, and a more straightforward application process.

From a LEP perspective, FEAST2 and The Food and Drink Forum is seen as a trusted referral because they already have these processes and relationships in place; the relationship demonstrates how a Growth Hub and a partnership organisation should work together.

- The project adapted well to the Covid-19 pandemic, with webinars, remote delivery and an increasing technical focus on diversifying and online shopping helping to translate the pandemic into an opportunity for many businesses. Motivations for engaging with FEAST2 have since varied; a number of businesses noted that they were seeking to overcome challenges relating to new health and safety legislation, changing consumer behaviours, a lack of technical support, and growth/expansion barriers. For some, the pandemic represented a significant challenge to delivery, whereas for others, it presented an opportunity for expansion.

- The survey found that for some businesses Brexit resulted in increased costs and restricted availability of materials, whilst the cost-of-living crisis has reduced sales. The inflationary economic climate exacerbated by the war in Ukraine is also thought to have resulted in higher energy costs and raw ingredient price rises. Although some businesses said that the support they received preceded these events, many others expressed how FEAST2 helped them to become more resilient, sometimes through efficiency and productivity improvements, which could balance out cost increases.

- The data is overwhelmingly positive; more than three-quarters of businesses surveyed said that as a result of the project, they produce more efficiently, whilst more than half of businesses said that they have increased the scale of manufacturing, created new jobs, and are able to better meet the needs or requirements of customers. Nearly half have increased sales (including internet sales), become more competitive/have a competitive advantage, and are more aware of opportunities for their business in the food and drink manufacturing sector. The impacts of working with the project for beneficiaries are a clear endorsement of the effectiveness of the services provided by FEAST2.

- The case studies offer anecdotal evidence of the impact of the project, illustrating examples where grant funding has increased productivity and efficiency, or technical support has improved traceability, marketability and facilitated business growth. As a result, 57.6% have directly benefitted from product improvements as a result of the project. Beneficiaries have extended product shelf-lives and stability, improved compliance and quality, and increased production capacity, all of which can lead to increases in sales.

- The case studies demonstrate that grant funding, in every case featured, quickly translates to increases in production capacity, efficiency, and often job creation. Stakeholders also suggested that grant funding can be the most impactful support available because it helps small businesses to make the significant jump to automation in manufacturing, which often creates savings elsewhere and allows the business to develop and up-scale much faster. Businesses noted how the project has improved their productivity, which include more efficient processes, production speeds, technical innovation, automated processes, increased batch sizes, new product development, and reduced downtime:

- Anecdotal evidence from the case study interviews suggests that there is a significant shift towards more environmentally conscious processes and packaging, and that businesses are increasingly aware of their social impact. Newer equipment is often more environmentally-friendly and more efficient (requiring less power or operating for a shorter amount of time). The high frequency of 'vegan' and 'plant' product manufacturers identified in the business survey reflect changing consumer habits and a greater need for support around sustainability and plant-based diets moving forwards.

- It is also worth noting the intangible services FEAST2 has provided outside of the formal support services; anecdotal evidence from businesses as part of the case study interviews suggest that many benefit from the peer-to-peer networking facilitated by The Forum and The Mallows Company. The project's reputation, brand and connections help to provide access to information for their producers, helping to raise awareness of the support available and encouraging engagement with support services and grants, and with each other.

- Part of the 12hrs of support includes access to sector mentors, who were less available during the Covid-19 pandemic. Mentoring is crucial, particularly with trusted partners who can offer established networks and connections. Mentors have learned that the most sought after element of FEAST2 support is the mechanisms for networking and access to other businesses who they might be able to find joint routes to market or who might act as a procurement partner. Mentoring can be sector-specific (e.g. from Weetabix), but can also include confidence-building, negotiation skills or even support for moving premises.

9.3 Recommendations

- It was suggested that the project would benefit from being able to offer more than 12hrs of support, in part because the businesses don't have anywhere else to go – this kind of support isn't available anywhere else. The food and drink manufacturing sector in the region would also benefit from a longer project; business support projects, by their nature, aren't ongoing and can't offer businesses enough longevity.

- Conscious of the global sustainability agenda, The Forum sees their role as supporting businesses in D2N2 and SEMLEP to decarbonise through lower carbon footprints and reduced emissions via productivity improvements and innovation. A lot of FEAST2's work recently has involved decarbonisation audits which identify where businesses could reduce their energy or water consumption. The audits have opened up other technical opportunities to support businesses with, including: new labelling, using more sustainable ingredients (less palm oil for example), and product testing. FEAST2 has largely centred on production line equipment, which remains crucial, but sustainability measures such as LED lighting, heat exchangers etc could similarly drive down costs thereby improving competitiveness.

- The Forum is looking to broaden its support offer following ERDF to encompass the likes of processing, retail and across the entire supply chain – from farming, primary processing, value added manufacturing, retail and food service – to explore opportunities for the different components to work together.

There is an opportunity to develop sustainability and innovation within these supply chains to produce healthier, less processed products that are more nutritious.

- In the wake of the Covid-19 pandemic, technical support on accreditation, food hygiene, food safety and traceability has been accessed more frequently than grant funding, and at a higher level than in FEAST. It will be important to maintain a provision of technical support to help businesses build resilience and survive the continuing uncertainties surrounding the Covid-19 pandemic, Brexit, the war in Ukraine and Cost-of-Living Crisis.

- Businesses highlighted the following as key areas of support needed by the food and drink manufacturing sector: capital grant funding for production and retail; revenue funding for ecommerce, website development, sales and marketing; exporting guidance; networking opportunities; business growth and financial planning advice; staff training courses; mentoring for start-ups; and decarbonisation support.

Appendix A

References

References

1. BDO, 'Food and Drink Report', 2018
2. D2N2 Local Enterprise Partnership, *D2N2 Global: International Trade Strategy'* , 2021
3. Department for Environment, Food & Rural Affairs, 'United Kingdom Food Security Report 2021: Theme 2: UK Food Supply Sources', December 2021
4. Food and Drink Federation, 'Covid-19: The impact of the incident on food and drink manufacturing', July 2020
5. Food and Drink Federation, 'Economic Contribution & Growth Opportunities', 2017
6. Food and Drink Federation, 'Our Industry at a Glance', 2021
7. Midlands Engine, 'Opportunities for Growth in the Midlands Food and Drink Supply Chain', December 2022
8. Midlands Engine, 'State of the Region Executive Summary', December 2022
9. MINTEL, 'Consumers and the Economic Outlook – UK, Q3 2022', October 2022
10. MINTEL, 'Recession and the cost of living crisis: Key challenges and opportunities for brands in the UK', 2023
11. MINTEL, 'Covid-19 and Food & Drink – UK', May 2021
12. South East Midlands Enterprise Partnership, *Local Industrial Strategy*, 2020
13. Office for National Statistics, *Business Insights and Conditions Survey (BICS)*, 2022
14. Office for National Statistics, 'Recent challenges faced by food and drink businesses and their impact on prices', April 2022
15. UN Chronicle, 'Feeding the World Sustainably', June 2012.