



**MIDLANDS  
ENGINE**

# **ADVANCED MANUFACTURING**

## **FOOD & DRINK**

**MIDLANDS CLUSTER SNAPSHOT 2023**

# Advanced Manufacturing Food & Drink



Advanced Manufacturing of Food & Drink is a major pan-regional cluster with significant local clusters across Greater Lincolnshire, the West Midlands Combined Authority area, Derbyshire, Nottinghamshire and Nottingham.

The clusters are particularly well defined with a number of specialist innovation and business parks, and even government designated Food Enterprise Zones. The talent pool is significant, with around one-fifth of the UK workforce in this area employed in companies trading across the Midlands Engine, and around 20,000 HE and FE graduates per year with an impressive retention rate of 97.3% over 3 years.

Investment into these clusters is significant with the Midlands taking a disproportionately high market share of both foreign and domestic investment, collectively worth well over £4bn in recent years. The clusters are experiencing strong growth with 38 high growth companies being tracked by Data City and 68% growth in business count since 2013.

Current opportunities with cluster support include Food Valley sites across Lincolnshire and Lincoln Science Park; SmartParc Segro Spondon, and Ni.Park in Telford.

## Cluster in context

-  **Over 40,000 jobs; 20% of UK total and largest region outside of London and SE.**
-  **38 high growth companies (18% of UK) and 24 £100m+ turnover companies (52% of UK).**
-  **5% of Midlands university graduates studied relevant subjects to food and drink, including from 4 of the top 25 UK universities for Engineering & Technology.**
-  **32% of Innovate UK funding to food and drink businesses since 2005 has been awarded to those with a Midlands address.**
-  **Over 500 businesses; 20% of UK total and most of all regions. 68% growth since 2013.**
-  **26% of UK food and drink Foreign Direct Investment Capex and 29% of UK food and drink Domestic Direct Investment Capex 2017-2021.**

## Business Ecosystem

|   |            |
|---|------------|
| <b>Total Cluster Business Count:</b>  | <b>505</b> |
| 20% of UK; the largest region of all. 68% growth since 2013. <sup>1</sup>                                   |            |
| <b>£100m+ Turnover Companies:</b>   | <b>24</b>  |
| 52% of all in the UK have a Midlands location. <sup>2</sup>   |            |
| <b>High Growth Companies:</b>   | <b>38</b>  |
| 18% of all in the UK have a Midlands location. <sup>3</sup>   |            |
| <b>Incorporations 2017-22:</b>  | <b>130</b> |
| 17% of UK food & drink incorporations between 2017 and 2022 have a Midlands location.. <sup>4</sup>         |            |
| <b>Foreign-owned enterprises:</b>   | <b>20%</b> |
| 102 known to be foreign owned; Higher proportion of foreign-owned than national average (14%). <sup>5</sup> |            |

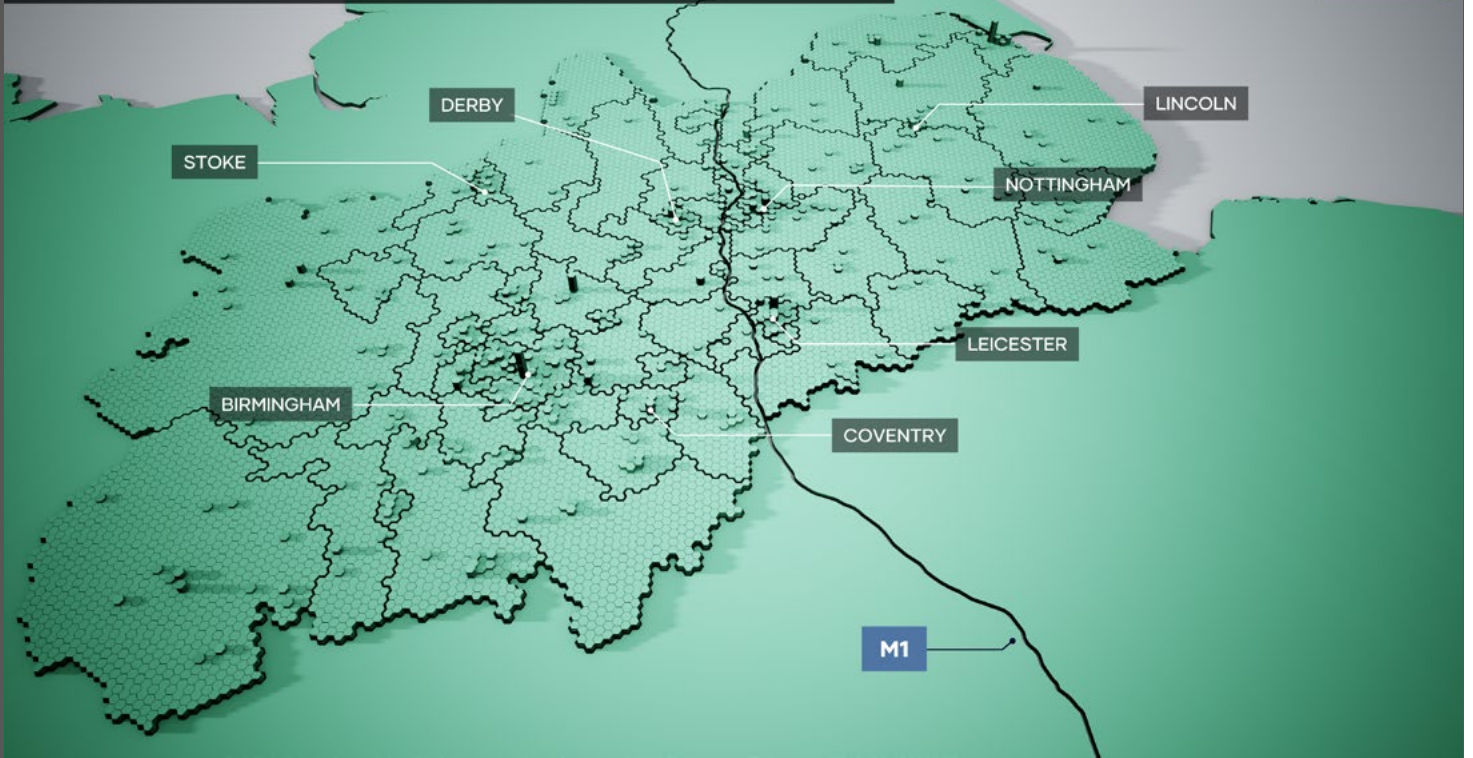


Food & drink manufacturing is a cluster of strength within an established food and agriculture sector in the Midlands. The data presented for this cluster in this report should therefore be seen as a subset of the much larger food and agriculture sector, identified in 2022 work by Midlands Engine Observatory in partnership with industry (see this [report](#) and [executive summary version](#)) – suggesting that over 850,000 jobs contribute to the overall Midlands Engine food chain, and around 100,000 in food & drink manufacturing specifically. The reasons for a notable difference between 100,000 and this project's cited jobs figure of just over 40,000 relate to a narrower definition of the cluster through Data City, and possible underestimation of jobs due to the methodology for splitting jobs equally by UK trading addresses.

<sup>1,2,4,5</sup> Data City 2023, <sup>3</sup>20%+ company growth percentage per year.

### ADVANCED MANUFACTURING FOOD - Business Counts

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### ADVANCED MANUFACTURING FOOD - Turnover

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# Advanced Manufacturing Food & Drink



## Innovation Ecosystem



Accelerator Engagement:<sup>1</sup>

59

Relevant Cluster Organisations:

Food and Drink Federation; Future Food Alliance; Food & Drink Forum; Food Valley; MakeUK; Midlands Engine Future Food Group

Relevant Spinouts:<sup>2</sup>

1

Relevant high performing HEI research:

Universities of Nottingham; Keele; Birmingham; Leicester; Lincoln; Warwick; Loughborough; Nottingham Trent

8 Midlands universities with high research ranking in relevant subjects.<sup>3</sup>

Significant Innovation Hubs:

National Centre for Food Manufacturing (Lincoln); Food Enterprise Zones (South Lincolnshire); SmartParc; Ni.Park; Lincoln Science & Innovation Park; National Centre of Excellence in Food Engineering

High Growth Company Grants:<sup>4</sup>

20

Innovate UK funding:

£47m since 2005

32% of Innovate UK funding to food & drink had a Midlands location.<sup>5</sup>

<sup>1</sup>Beaurost 2022: High growth companies utilised accelerators,

<sup>2</sup>Beaurost, 2022, <sup>3</sup>REF 2021 GPA >3.0 in any of Agriculture, food and veterinary science; Biological Sciences; Engineering, <sup>4</sup>Beaurost 2022,

<sup>5</sup>Data City 2023.



# Advanced Manufacturing Food & Drink



## Talent Ecosystem



**Estimated Employees:** **40,472**  
20% of national; largest region outside of London & SE.<sup>1</sup>

**Earnings:** **Average salary £30,397**  
National average £33,936 (10.4% lower in Midlands).<sup>2</sup>

**Further Education Leavers:** **14,360**  
More FE leavers (including higher level) in relevant subjects than all other regions.<sup>3</sup>

**Relevant HEI High-Ranking Department:**  
**Universities of Nottingham; Birmingham; Warwick; Leicester**  
4 universities high ranked: international presence and expertise.<sup>4</sup>

**University Graduates:** **6,600**  
5% of Midlands graduates studied relevant subjects food & drink.<sup>5</sup>

**Graduate Retention: change over 3 years:** **97.3%**  
West Midlands has the strongest manufacturing retention outside of London and the East regions.<sup>6</sup>



<sup>1</sup>Data City, 2023, <sup>2</sup>ONS ASHE, 2021 - relevant sectors, <sup>3</sup>DfE Unit for Future Skills: Further Education leavers 18/19 in relevant fields, <sup>4</sup>QS 'Engineering and Technology' world subject ranking 2022 - institutions appearing in UK top 25, <sup>5</sup>Graduates from relevant subjects 2021 (HESA), <sup>6</sup>2,015/2,070 graduates trained in region remain in 'Manufacturing' 3 years of graduating in 2019. First degree only.

## ADVANCED MANUFACTURING FOOD - Employees



# Advanced Manufacturing Food & Drink



## Investment Ecosystem



|  |                 |                                |                     |
|--|-----------------|--------------------------------|---------------------|
| <b>Investment/Venture Capital Firms:</b>                     | <b>200</b>      | <b>FDI Jobs 2017-2021:</b>     | <b>4,372 jobs</b>   |
| <b>Funds HQ'd in Midlands Engine area</b>                    |                 | 24% of UK total. <sup>6</sup>  |                     |
| 313 Funds have offices in region. <sup>1</sup>               |                 |                                |                     |
| <hr/>  |                 |                                |                     |
| <b>FDI into High Growth Companies:</b>                       | <b>26%</b>      | <b>DDI Jobs 2017-2021:</b>     | <b>15,530 jobs</b>  |
| 56 of 217 investments in High Growth Companies. <sup>2</sup> |                 | 13% of UK total. <sup>7</sup>  |                     |
| <hr/>  |                 |                                |                     |
| <b>FDI Capex 2017-21:</b>                                    | <b>\$1.54bn</b> | <b>FDI Projects 2017-2021:</b> | <b>63 projects</b>  |
| 26% of UK total. <sup>3</sup>                                |                 | 27% of UK total. <sup>8</sup>  |                     |
| <hr/>  |                 |                                |                     |
| <b>DDI Capex 2017-21:</b>                                    | <b>\$2.95bn</b> | <b>DDI projects 2017-2021:</b> | <b>127 projects</b> |
| 29% of UK total. <sup>4</sup>                                |                 | 14% of UK total. <sup>9</sup>  |                     |

### Fundraising Volumes:

#### Mean av. **£456k** fundraising investment

£98.9m in 217 investments (inc. £66.2m across 134 seed investments; £29.7m across 60 venture investments).<sup>5</sup>

<sup>1</sup>Beahurst 2022, <sup>2</sup>Beahurst 2022, <sup>3</sup>Wavteq 2022, <sup>4</sup>Wavteq 2022, <sup>5</sup>Beahurst 2022, <sup>6</sup>Wavteq 2022, <sup>7</sup>Wavteq 2022, <sup>8</sup>Wavteq 2022, <sup>9</sup>Wavteq 2022.





## COMMENTARY

- Greater Lincolnshire LEP and The Marches LEP areas have around one quarter of all their industry employment within the food and drink sector – highlighting its importance within these places.
- Wavteq forecast \$1.29bn FDI capex in this sector in the UK in 2025.
- Food and drink processors in the Midlands received 2.85% of the total equity received in the UK from 2017 to 2021 by high-growth companies in this sector, despite making up 9.5% of the sector's population. These companies also received 7.10% of all grant money received by companies in this sector.
- The region is home to several Food Enterprise Zones (3 in Lincolnshire, 1 in Worcestershire) designed to facilitate accelerated clustering of food, drink and agricultural businesses.
- The top 5 countries for foreign ownership counts are the USA, Norway, Germany, Japan, and Canada.

### Roundtable: cluster-specific challenges & recommendations

Recent events such as Brexit, COVID-19 and the war in Ukraine have disproportionately impacted the food & drink sector. The sector is currently under pressure from energy costs fuelling food inflation, transport and logistics challenges, labour shortages, as well as growing health and obesity challenges. Businesses point to a need for industry, local and regional government, universities, and central government to join up to solve these challenges.

#### Recommendations for UK policy:

1. **Funding:** Public investment to support the sector in improving nutrition, providing healthy, yet affordable, food and drink options.
2. **Governance:** Improve alignment within government departments and develop a joined-up approach to addressing key challenges such as health, inflation, food poverty, and the shift to net-zero.
3. **Energy:** Support with rising energy costs and improvements in energy efficiency.



*This data has been compiled from multiple sources, using classifications based on clusters as proposed by Midlands Engine Partners. Where necessary wider sector data has been used as a 'best proxy'. Unless otherwise stated, all data is contemporary as of May 2023, and is an aggregation of all known counts/data within the Midlands Engine's 65 Local Authorities. Unless otherwise stated, business, employee and turnover figures have been calculated via DataCity based on trading addresses within the Midlands Engine.*