

The English Food & Drink Alliance is lobbying to gain central funding for regional foods

## Food groups fear further loss of funds as government winds down RDAs

By **PATRICK MCGUIGAN**

Funding for regional food in England is expected to suffer after the government announced an immediate 20% budget cut for Regional Development Agencies (RDAs) and plans to scrap the organisations altogether by 2012.

The country's eight RDAs will have to shed a total of £270m from their budgets this year and larger cuts are expected in 2011-12 as the organisations are wound down. They will be replaced by dozens of Local Enterprise Partnerships (LEPs), which will see local business leaders working with councils.

The move means some English Regional Food Groups (RFGs) that have been receiving RDA funding are likely to see further cut-backs in the next two years and it is unclear whether alternative finance will be made available after the RDAs have been disbanded.

Large local food projects funded directly by the RDAs are also under threat. The Witham Hall project in Durham, which had hoped to receive nearly £2m from its RDA to build a regional food hall and leisure attraction, is already making contingency plans in case the funding does not come through.

The English Food and Drink Alliance, which represents the country's eight RFGs, is lobbying government in the hope of securing central funding. It is also looking to work with LEPs.

Chair of the Alliance Jonathan Knight,



**Schemes such as the Witham Hall regional food project in Durham (top) could lose funding. EFDA chairman Jonathan Knight (above) fears food and drink could take a lower priority in public sector support.**

who also heads the RFG for Yorkshire and Humber, told *FFD* that RDA budget cuts would affect some RFGs more than others.

"Those that had little funding from their RDAs are less likely to be affected, while Yorkshire, Food NorthWest and Heart of England Fine Foods, who had more substantial amounts of funding, will probably be hit for more savings in the next 18 months."

In Yorkshire, Knight expects the RFG's £1m funding for this financial year to be docked by around 10% with more substantial cuts next year.

"Because of the uncertainty it's important to get our message across to government about the importance of the RFGs' role," said Knight. "We have a concern that when regions disappear and LEPs take their place, food and drink will sit way down their

radar. They'll be interested in their own planning and infrastructure, but who will champion the requirements of the regional food and drink sector?"

Julie West, chief executive of Tastes of Anglia, said the lack of clarity about government support for regional food made planning for the future difficult. "We're planning IFE [the international food show in London] in March, but what will be happening then? We always used to look to central government for support, then we were told it would come from the RDAs. Now it's not clear if there will be a sub-division again or do we look back to central government" she said. "I'm really saddened for the food producers that rely on people like us to be consistent and to work on their behalf."

Roger Seed, MD of consultancy Proseed, which provides development advice to rural businesses, said: "RFGs are certainly going to find it harder to get the kind of funding they have been used to in recent years, but that doesn't mean there aren't funding opportunities out there for rural businesses. The RDPE [Rural Development Programme for England] is due to run until 2013 and we are helping a number of rural businesses access this scheme."

LEPs have until September 6 to put forward their proposals to government, while a White Paper on the future of regional and local funding will be published in October.

## Whole Foods pursues growth

By **PATRICK MCGUIGAN**

Whole Foods Market's dismal performance in the UK continued last year with like-for-like sales down 4.5% and the company making a £4.4m loss. The US-based retailer blamed the recession for the poor results for the year to September 2009, although it did manage to reduce its operating loss from £36m in 2008.

In its accounts filed last month, the retailer said changes in merchandising, product mix and pricing would help to improve the financial performance and that the company was still "actively pursuing expansion opportunities in the greater London area".

Press reports said Whole Foods was in advanced negotiations to take over a former Safeway store in Giffnock, near Glasgow, although Planet Retail research director Natalie Berg questioned whether this would

tie into the company's strategy.

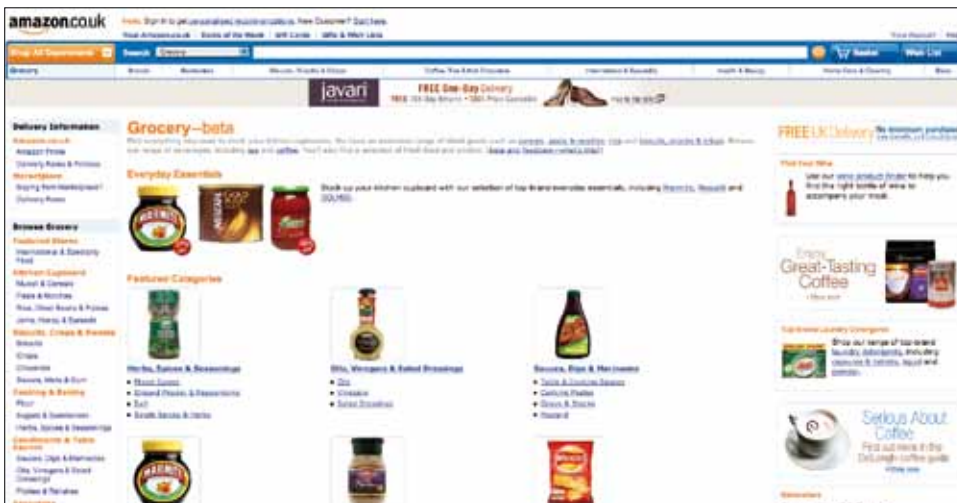
"It seems a strange move seeing as they haven't cracked the London market yet and they closed their Bristol store a few years ago to concentrate on the capital," she said.

Commenting on the like-for-like sales decline, she added: "During most of 2009 we saw food inflation boosting the top line in grocery. We were seeing like-for-likes from Sainsbury's and Tesco up anywhere between 5-10%. When you consider what Whole Foods has done in comparison it's poor."

"The loss is really down to [Whole Foods' flagship] Kensington store being too big, not attracting enough shoppers, combined with high real estate costs. The four other [smaller London] stores seem to be performing quite well because they have more of a convenience offering and have a lunchtime trade," said Natalie Berg.



**FIRST AND FOREMOST: Portadown-based Chapman's Farm Fresh is investing £2.5m in what it says is Northern Ireland's first fine food hall. The 25,000 sq ft store is due to open next year. Chapman's, which started as a roadside fruit and vegetable barrow in the 1980s, plans to knock down its current 1,800 sq ft shop and replace it with much larger premises housing a butchery, bakery, fish counter and deli counter. Planning permission has been granted for the development, which will be designed by Knightsbridge architects Farrell and Clark. "This will be a true one-off in Northern Ireland, like the Whole Foods' store in Kensington is to London," said owner Brian Chapman.**



**Groceries are now clearly flagged on Amazon's home page**

# Specialist stores most at risk as Amazon ramps up grocery offer

By **PATRICK McGUIGAN**

The launch of Amazon's grocery site poses more of a threat to specialist retailers than it does to the major multiples, one analyst has told *FFD*.

According to retail analyst Joseph Robinson at research company Verdict, the launch of the new site, which lists over 22,000 grocery lines, is unlikely to worry the supermarkets because it does not offer fixed delivery slots or a complete range of everyday products. However, retailers selling niche products, such as gluten-free and ethnic foods, should be concerned in the long term.

"Unlike Tesco, Amazon doesn't have a store portfolio and unlike Ocado it doesn't have sophisticated

delivery systems. It's lacking the functionality and flexibility of delivery options to compete with the main players in the market," said Robinson. "The potential for Amazon going forward is for specialist ambient products you can't find elsewhere. In many ways it could be a direct threat to specialist retailers."

In May, *FFD* reported that Amazon had begun selling speciality foods, distributed through third-party sellers as part of its kitchen & home section, but was not flagging the option on its home page. Grocery has since been given its own clearly promoted section on the home page.

Specialist products currently being

sold include Villanova charcuterie, olives from Olives Et Al and Yorkshire Crisps. A wide range of gluten-free and international products are also available.

"With the introduction of this new store there are thousands of household, niche, ethnic and international grocery items, all available at the click of a button," said James Leeson, director of grocery at Amazon UK.

Delivery options include unlimited free One-Day Delivery for an annual membership fee of £49 with Amazon Prime and Free Super Saver Delivery where each product sold by amazon.co.uk automatically qualifies for free delivery within the UK.

www.amazon.co.uk/grocery

**Cavil Head Farm near Acklington in Northumberland received over £177,000 through One North East's Rural Development Programme for England (RDPE) programme to turn a derelict farm building into a farm shop and café. The new shop features an on-site butcher, ice-cream parlour, coffee shop and children's play area.**

● A huge fire has destroyed Hinchcliffe's Farm Shop, near Huddersfield. Up to 100 fire-fighters were involved in tackling the blaze, which also gutted The Old Farmhouse restaurant.

**Traditional Cumberland Sausages look set to achieve Protected Geographical Indication (PGI) status under EU law in 2011. The Cumberland Sausage Association's application was approved last month after almost six years of campaigning.**

● English farm shops and other direct selling businesses can boost their sales of beef and lamb with new point-of-sale kits from Eblex. The 'Simply Delicious' pack, encouraging customers to buy beef and lamb, contains 80 recipe cards, 10 tent cards and two posters, with the option of a personalised farm banner for a small charge.

**The Wensleydale Creamery's new Jervaulx Blue cheese has been listed by Waitrose. The cheese will be delivered pre-packed to 177 stores nationally and to 176 of the supermarket's delicatessens.**

● Thornton's Budgens in Crouch End, north London, has transformed its roof into an organic vegetable garden. The not-for-profit project will see produce from its 'roof farm' sold in the shop below. There are also plans to hold workshops on growing fruit and vegetables on urban roofs and balconies.

**TV pig farmer Jimmy Doherty officially launched the final phase of a £2.7m food department at Reaseheath College, Nantwich, which will include new project development facilities for food firms in the North West.**



**FIRST OF THE MONTH: Food companies including Lonely Pony Preserves, ready-meal producer Everyday Delicious and The Natural Cake Kitchen took stalls at the new food market at the Heart of the Country Shopping Village in Staffordshire (left) last month. The monthly event has been set up to complement the retailers and restaurants located at the craft centre and shopping destination near Lichfield.**