



Somerset's Food and Drink Sector: A Profile

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1. Introduction

The food and drink sector is an important part of the Somerset economy. It is significant in employment terms, providing at least 19,000 jobs in the County. The make-up of the sector in Somerset is wide and varied, with many smaller producers and a handful of large firms, such as:

- Oscar Mayer Ltd, Chard – 800+ employees
- Gerber Juice Co Ltd, Bridgwater – 700+
- Isleport Foods, Highbridge – 400+
- Greencore Evercreech, Evercreech – 300+
- Wyke Farms, Bruton – 230+
- Vion Food Group, Wiveliscombe – 200+
- Andros UK LTS, Frome – 200+
- Romford Food Group Ltd (RWM), Langport – 200+
- Framptons Ltd, Shepton Mallet – 200+
- Robert Wiseman Dairies, Bridgwater – 200+
- Yeo Valley Farms, Cannington – 200+
- Magners GB Ltd, Shepton Mallet – 200+
- Ministry of Cake Ltd, Taunton – 200+
- Coombe Farm, Crewkerne – 150+
- Norseland Ltd, Ilchester – 150+
- Branston Ltd, Ilminster – 150+
- AJ & RG Barber Ltd, Shepton Mallet – 150+
- Dairy Crest Ltd, Frome – 150+

Despite its significant contribution to employment in the County, the food and drink sector exhibits relatively low productivity in comparison to other sectors. Recent research by Ekosgen (2010)¹ highlighted the food and drink sector as one of Somerset's key strengths and suggested that developing this sector in future should focus on increasing levels of innovation and higher value products, building on a regional and national profile in the industry.

In 2011, the South West Regional Development Agency produced a report² for South West Food and Drink outlining the size and role of the food and drink sector in the region. Partners have requested via the Heart of the South West Local Enterprise Partnership (LEP) that similar work be produced for Somerset, in order to better understand the food and drink sector locally. This report presents a range of data on food and drink businesses, employment and productivity (GVA), considering the current profile of the sector and how it is projected to change and develop in the future.

¹ The State of the Somerset Economy – An Economic Profile, June 2010 (Ekosgen).

² SW Food and Drink Sectors, Summer 2011 (South West RDA Economics and Evidence Team).

What is the Food and Drink Sector?

The food and drink (F&D) sector includes a range of primary production, processing and service activities and is therefore best defined and discussed in both narrow and broad terms. A narrow definition of the F&D sector includes the ‘specialist’ activities of agriculture and fishing, food and beverage manufacturing and food and beverage services. In ‘broad’ terms, the food and drink sector also encompasses related activity in the wholesale, distribution and retail sectors. Throughout this report, the F&D sector will be analysed in terms of both the narrow and broad definitions. It is fair to say that the former provides an underestimation of the sector’s size and the latter a slight over-estimation, but as far as working definitions go these provide a starting point to understand the sector. The figures are discussed in sub-categories in order to understand the composition of the sector.

This report does not include the accommodation sector. Although elements of this sector do overlap with F&D services, its inclusion would broaden the scope of this analysis into tourism and leisure. As far as possible, only sectors and sub-sectors whose primary purpose is food and/or drink related have been included although some elements of the tobacco industry cannot be separated even at detailed SIC level. Figure 1 below summarises which elements have been included in each definition of the F&D sector for the purposes of this report. For a full list of all detailed SIC codes see Appendix 1.

Figure 1: Definition of the food and drink sector

Definition	SIC codes 2007
Narrow:	
Agriculture and fishing	01: Crop and animal production, hunting and related service activities
	03: Fishing and aquaculture
Food and beverage manufacture	10: Manufacture of food products
	11: Manufacture of beverages
Food and beverage services	56: Food and beverage service activities
Broad (all of the above plus the following):	
Wholesale, retail and other	Parts of 46: Wholesale trade, except of motor vehicles and motorcycles
	Parts of 47: Retail trade, except of motor vehicles and motorcycles
	Parts of 28: Manufacture of machinery and equipment

Data Sources

Numerous data sources are needed to analyse the size and role of the F&D sector in Somerset. Every effort has been made to ensure consistency and any differences between these datasets are highlighted and discussed in the appropriate sections below. The primary sources used in this report are the Inter Departmental Business Register (IDBR), Business Register and Employment Survey (BRES) and the Oxford Economics Projections Model produced for the Heart of the South West (LEP). IDBR and BRES data both have strict licensing requirements and the required suppression and rounding techniques have been applied to avoid identification of individual businesses from the data.

2. Business profile

The Inter-Departmental Business Register (IDBR) gives an indication of the number and location of businesses in the UK by industrial sector. It covers businesses in all parts of the economy, except some very small businesses (self-employed, those without employees and low turnover) and some non-profit making organisations, providing nearly 99 per cent coverage of UK economic activity. This comprehensive list of UK businesses is used by the Office for National Statistics (ONS) and other government departments as the sampling frame for most business surveys.

The IDBR is based on inputs from three administrative sources: traders registered for Value Added Tax (VAT) purposes with HM Revenue and Customs (HMRC) (Customs), employers operating a Pay As You Earn (PAYE) scheme registered with HMRC (Revenue) and incorporated businesses registered at Companies House.

IDBR data for broad industrial sectors is freely available from the ONS down to quite a local level (middle super output area, MSOA). When looking at detailed sectors, the full IDBR dataset is needed. Somerset County Council has access to the full IDBR dataset for the County and the analysis below is based upon this data. In order to protect businesses, numbers are rounded and grouped where necessary. Comparison with the UK is not available for the F&D sector as Somerset does not have access to the detail beyond the County.

In 2012, there were approximately 1,800 specialist food and drink businesses in Somerset, representing just over 10% of all the businesses in Somerset. This figure increases to around 2,350 if relevant wholesale and retail activities are included.

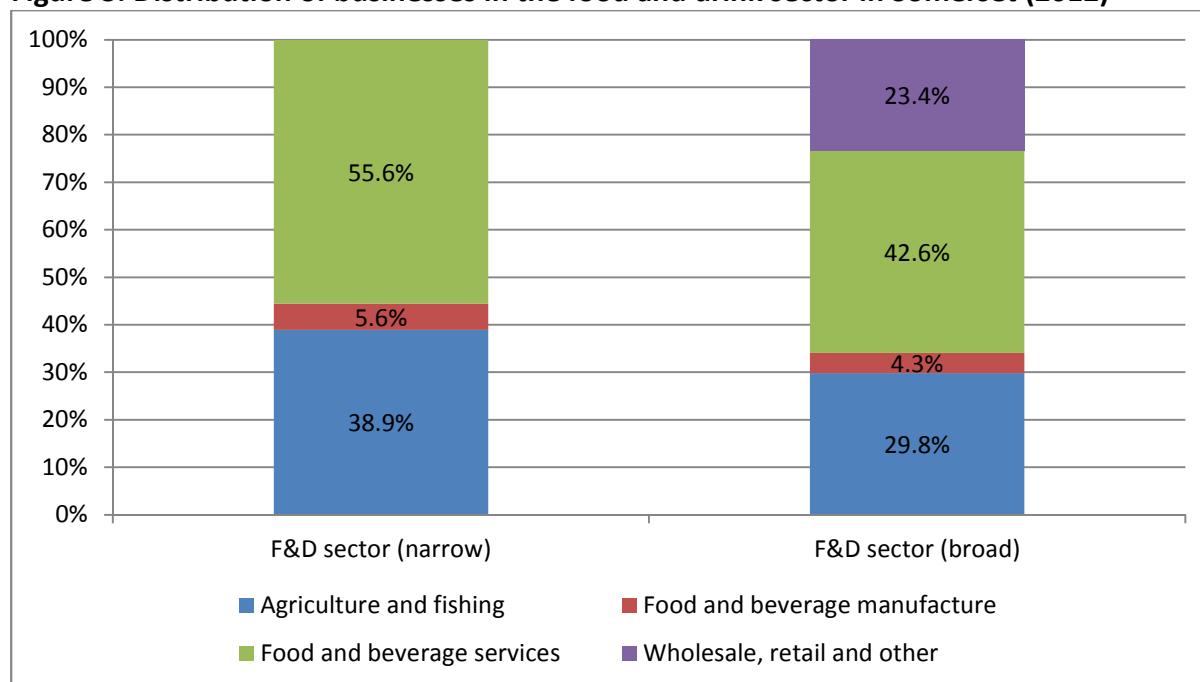
Figure 2: Number of Food and Drink businesses in Somerset, 2012

	Somerset	
	Enterprises	% of total enterprises
Total enterprises - all industries	17,500	
Agriculture and fishing	700	4.0%
Food and beverage manufacture	100	0.6%
Food and beverage services	1,000	5.7%
Total F&D (narrow definition)	1,800	10.3%
Wholesale, retail and other	550	3.1%
Total F&D (broad definition)	2,350	13.4%

Source: IDBR 2012

The majority of businesses within the sector are in food and beverage services, accounting for 55.6% of the specialist food and drink sector in Somerset and 5.7% of all businesses in the county. Agriculture and fishing is the second largest contributor to the sector in terms of number of businesses, making up 38.9% of the local food and drink sector business base. Under the broad definition of the sector, wholesale and retail account for roughly a quarter (23.4%) of food and drink related businesses.

Figure 3: Distribution of businesses in the food and drink sector in Somerset (2012)



Source: IDBR 2012

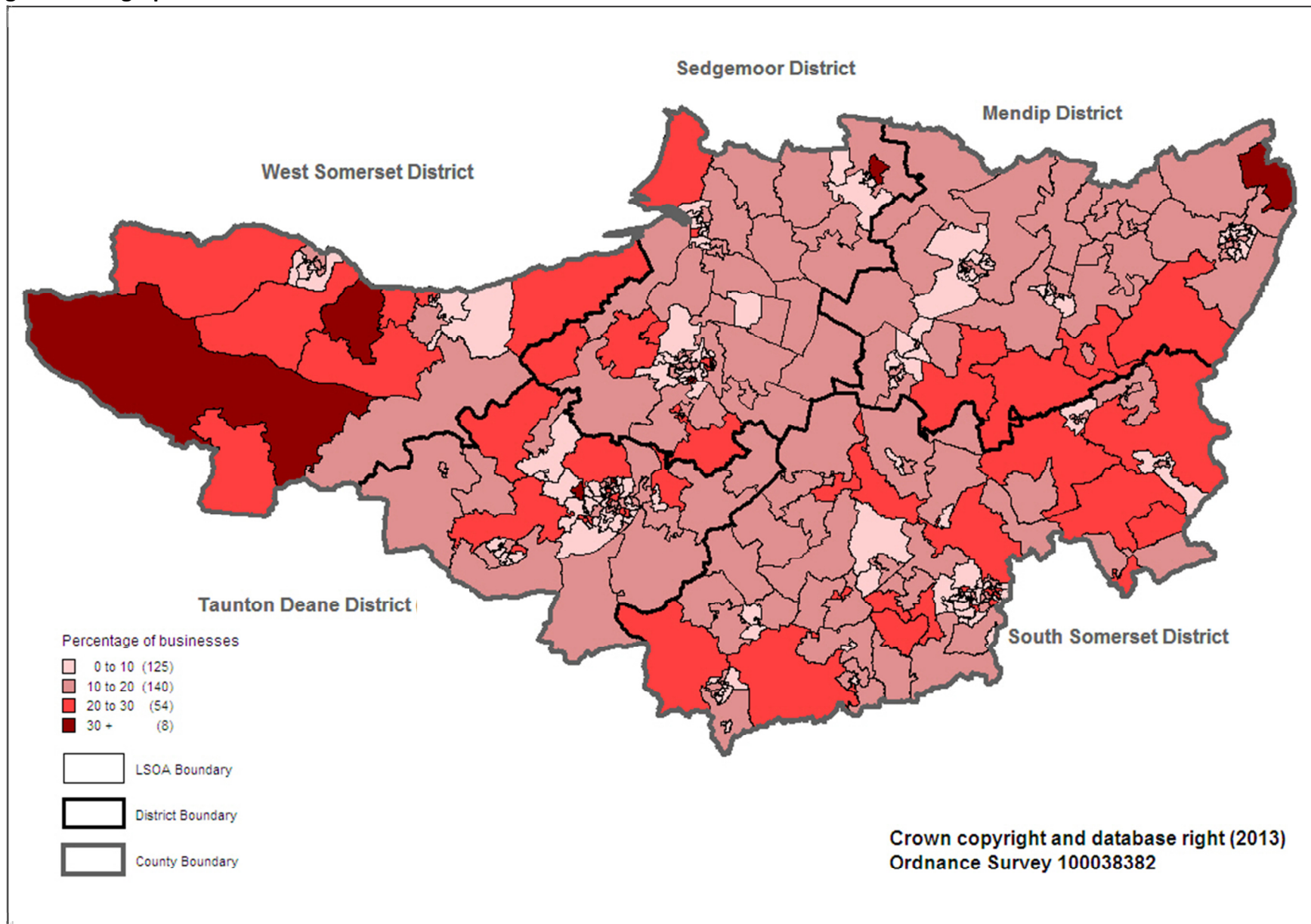
There are only around 100 food and drink manufacturing businesses in Somerset but Figure 4 below shows that many of these firms employ large numbers of people. 20.5% of F&D manufacturing businesses have 50 or more employees, compared to 2% and 0.5% respectively in the F&D services and agriculture and fishing sectors. As a whole, Somerset's economy is dominated by small and medium sized enterprises, the majority (78%) with fewer than 10 employees. The agriculture and fishing sector conforms closely to this overall pattern, with 79.3% of firms in this sector employing less than 5 people. Food and beverage services show a slightly larger size profile but the majority of these businesses (81.5%) employ fewer than 20 people.

Figure 4: Size of Food and Drink businesses in Somerset by number of employees, 2012

	Number of employees					
	0-4	5-9	10-19	20-49	50-99	100+
Total enterprises - all industries	61.6%	16.8%	10.1%	7.4%	2.5%	1.5%
Agriculture and fishing	79.3%	14.1%	3.6%	2.4%	0.4%	0.1%
Food and beverage manufacture	34.4%	17.2%	14.8%	13.1%	6.6%	13.9%
Food and beverage services	43.5%	27.4%	17.5%	9.5%	1.3%	0.7%
Total F&D (narrow definition)	56.6%	21.7%	12.0%	7.1%	1.3%	1.4%
Wholesale, retail and other	36.6%	23.2%	21.7%	9.7%	2.8%	6.1%
Total F&D (broad definition)	52.0%	22.0%	14.2%	7.7%	1.6%	2.5%

Source: IDBR 2012

Figure 5: Geographical distribution of food and drink businesses in Somerset



3. Employment in the Food and Drink Sector

The Business Register and Employment Survey (BRES) provides the most comprehensive picture available of employment in the food and drink sector in Somerset. The analysis below is based upon employment within the food and drink sector and its sub-sectors. This measure is a headcount and includes all employees, both full and part-time, as well as working directors and proprietors, giving an estimate of the overall number of jobs in the sector.

The most recent data available is for 2011 and in some cases an average of the data from 2010 and 2011 has been used in an attempt to smooth some of the fluctuations which occur when looking at data for local geographies and detailed industrial sub-sectors.

The specialist food and drink sector in Somerset provides employment of 19,200. Food and drink related sectors provide an additional 15,300 jobs, making a combined total of 34,500. In percentage terms, 8.7% of Somerset's total employment is in specialist F&D activities, and 15.6% in specialist and F&D related activities combined. Both of these proportions are slightly higher than the national figures, indicating the importance of the F&D sector to the Somerset economy. Food and beverage services are of particular significance for Somerset. 5.6% of the County's total employment is in this specialist activity, providing 12,500 jobs.

Figure 6: Employment in the food and drink sector (2011)

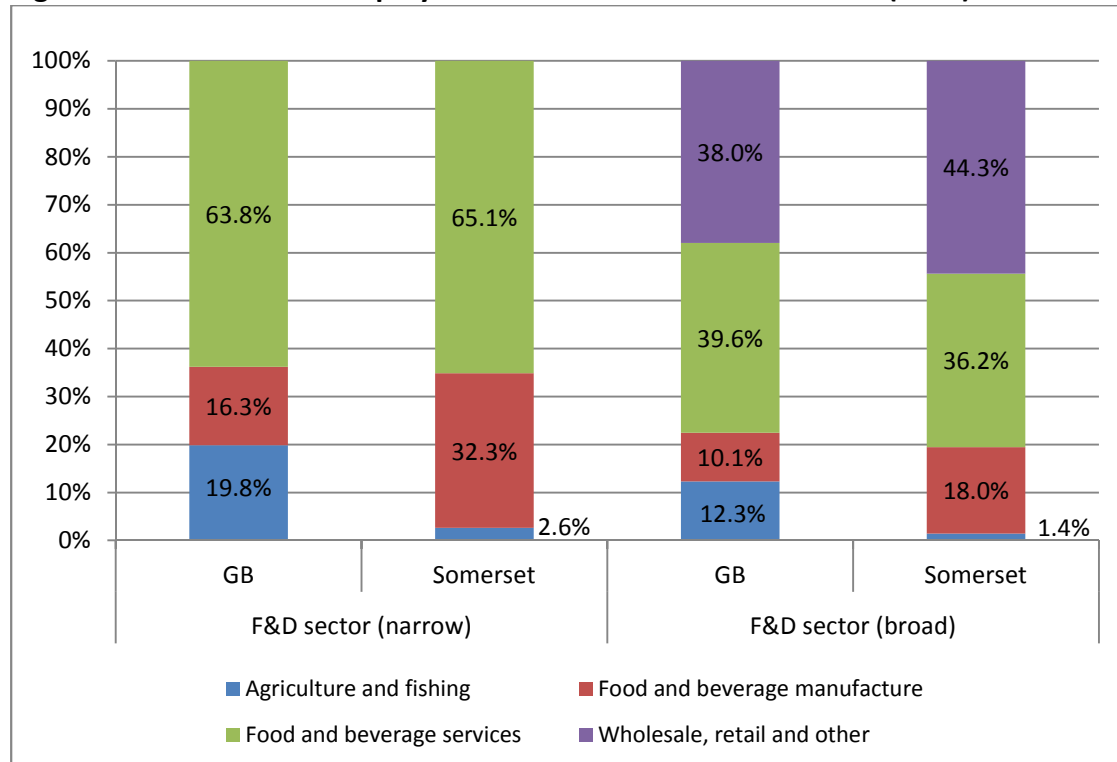
	GB		Somerset	
	Number	% of total employment	Number	% of total employment
Total employment - all industries	27,765,000		221,700	
Agriculture and fishing	459,200	1.7%	500	0.2%
Food and beverage manufacture	378,000	1.4%	6,200	2.8%
Food and beverage services	1,476,900	5.3%	12,500	5.6%
Total F&D (narrow definition)	2,314,100	8.3%	19,200	8.7%
Wholesale, retail and other	1,416,800	5.1%	15,300	6.9%
Total F&D (broad definition)	3,730,900	13.4%	34,500	15.6%

Source: BRES 2011, NOMIS

Figure 7 shows the composition of the food and drink sector in Somerset compared to nationally. Whilst F&D services form the greatest proportion of the sector (65.1%), Somerset has a high level of food and beverage manufacturing activity, more than twice the amount nationally (32.3% compared to 16.3%). The agriculture and fishing sub-sector is comparatively small in Somerset in employment terms, despite the largely rural nature of the county. This aligns with the business profile analysis above which shows that this sector is made up of a large number of small businesses.

When looking at the broad definition of the F&D sector, which encompasses food and drink related activity, the proportion of wholesale and retail activities is higher in Somerset than nationally (44.3% compared to 38%). This is likely to be a reflection of the strength of the wholesale and distribution sector in Somerset; for example, the particular concentrations of distribution activity around the M5 near Bridgwater.

Figure 7: Distribution of employment in the food and drink sector (2011)



Source: BRES 2011, NOMIS

Figure 8 explores the detailed industrial breakdown of the F&D sector in Somerset. For each industrial sector, the table gives:

- UK and Somerset employment and Somerset as a percentage of the UK total;
- Somerset location quotients;
- Percentage of employment within the Somerset 'narrow' definition, i.e. specialist F&D activities;
- Percentage of employment within the Somerset 'broad' definition, i.e. specialist and F&D related activities.

Location quotients indicate the strength of a sector's representation within an area. An LQ of more than 100 indicates that a sector is strong compared to the national picture and has more capacity than needed, allowing potential for exports. Export-orientated industries are important because they bring money into an area, rather than simply circulating money that is already within the local economy. Industries which have both high LQ and relatively high total job numbers typically form an area's economic base.

Figure 8 shows that all elements of the food and drink sector in Somerset are well-represented compared to the national picture. The combined³ sub-sectors of manufacture of vegetable and animal oils and fats (SIC104) and manufacture of dairy products (SIC105) are Somerset's greatest strength from a food and drink perspective (LQ 112). Wholesale activities related to these products (SIC4633) is the second strongest sub-sector in the County with an LQ of 108.

³ Figures for these two sectors have been combined as a disclosure control measure, to avoid identification of individual businesses.

Figure 8: Employment in the Food and Drink sector by detailed industrial sub-sector

Industry	2010		2011		Average 2010 & 2011		Somerset as % of GB	LQ	% of employment within F&D narrow	% of employment within F&D broad
	GB	Somerset	GB	Somerset	Great Britain	Somerset				
Total employment - all industries	27,671,600	221,200	27,765,000	221,700	27,718,300	221,500	0.8%	101		
Total F&D (narrow)	2,288,000	19,600	2,314,100	19,200	2,301,100	19,400	0.8%	101		
Total F&D (broad)	3,698,700	35,100	3,730,900	34,500	3,714,800	34,800	0.9%	101		
010 : DEFRA/Scottish Executive Agricultural Data	444,200	0	432,100	0	438,100	0	0.0%	100	0.0%	0.0%
016 : Support activities to agriculture and post-harvest crop activities	19,100	500	19,300	400	19,200	400	2.1%	103	2.1%	1.1%
017 : Hunting, trapping and related service activities										
031 : Fishing	6,300	0	5,100	0	5,700	0	0.0%	100	0.0%	0.0%
032 : Aquaculture	2,900	100	2,600	0	2,800	0	0.0%	100	0.0%	0.0%
Total: Agriculture and fishing	472,400	500	459,200	500	465,800	500	0.1%	100	2.6%	1.4%
101 : Processing and preserving of meat and production of meat products	69,300	500	68,800	300	69,000	400	0.6%	101	2.1%	1.1%
102 : Processing and preserving of fish, crustaceans and molluscs	14,800	0	14,500	0	14,700	0	0.0%	100	0.0%	0.0%
103 : Processing and preserving of fruit and vegetables	30,700	800	29,300	700	30,000	800	2.7%	103	4.1%	2.3%

Industry	2010		2011		Average 2010 & 2011		Somerset as % of GB	LQ	% of employment within F&D narrow	% of employment within F&D broad
	GB	Somerset	GB	Somerset	Great Britain	Somerset				
104 : Manufacture of vegetable and animal oils and fats	24,800	2,500	25,200	2,200	25,000	2,300	9.2%	112	11.9%	6.6%
105 : Manufacture of dairy products										
106 : Manufacture of grain mill products, starches and starch products	10,300	0	10,800	0	10,600	0	0.0%	100	0.0%	0.0%
107 : Manufacture of bakery and farinaceous products	94,200	900	96,000	1,000	95,100	1,000	1.1%	101	5.2%	2.9%
108 : Manufacture of other food products	79,800	1,000	85,600	1,200	82,700	1,100	1.3%	102	5.7%	3.2%
109 : Manufacture of prepared animal feeds	13,400	400	12,700	300	13,100	400	3.1%	104	2.1%	1.1%
110 : Manufacture of beverages	34,700	400	35,100	400	34,900	400	1.1%	101	2.1%	1.1%
Total: Food and beverage manufacturing	372,200	6,600	378,000	6,200	375,100	6,400	1.7%	102	33.0%	18.4%
561 : Restaurants and mobile food service activities	686,300	5,300	743,100	5,100	714,700	5,200	0.7%	101	26.8%	14.9%
562 : Event catering and other food service activities	225,600	1,300	236,800	1,500	231,200	1,400	0.6%	101	7.2%	4.0%
563 : Beverage serving activities	531,500	6,000	497,000	5,900	514,300	6,000	1.2%	101	30.9%	17.2%
Total: Food and beverage services	1,443,400	12,600	1,476,900	12,500	1,460,200	12,500	0.9%	101	64.4%	35.9%
4611 : Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods	3,400	100	3,500	100	3,400	100	2.9%	104		0.3%

Industry	2010		2011		Average 2010 & 2011		Somerset as % of GB	LQ	% of employment within F&D narrow	% of employment within F&D broad	
	GB	Somerset	GB	Somerset	Great Britain	Somerset					
4617 : Agents involved in the sale of food, beverages and tobacco	3,700	0	3,700	0	3,700	0	0.0%	100		0.0%	
4621 : Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	14,900	300	13,600	200	14,300	300	2.1%	103		0.9%	
4623 : Wholesale of live animals											
4631 : Wholesale of fruit and vegetables	32,100	300	31,300	300	31,700	300	0.9%	101			0.9%
4632 : Wholesale of meat and meat products	22,000	400	21,600	400	21,800	400	1.8%	102			1.1%
4633 : Wholesale of dairy products, eggs and edible oils and fats	13,500	800	13,100	800	13,300	800	6.0%	108			2.3%
4634 : Wholesale of beverages	25,900	300	29,900	200	27,900	200	0.7%	101			0.6%
4636 : Wholesale of sugar and chocolate and sugar confectionery	9,000	100	9,900	0	9,500	0	0.0%	100			0.0%
4637 : Wholesale of coffee, tea, cocoa and spices											
4638 : Wholesale of other food, including fish, crustaceans and molluscs	17,300	100	16,600	100	16,900	100	0.6%	101			0.3%
4639 : Non-specialised wholesale of food, beverages and tobacco	76,800	1,100	76,400	900	76,600	1,000	1.3%	102			2.9%
4711 : Retail sale in non-specialised stores with food, beverages or tobacco predominating	1,044,000	10,600	1,026,300	10,600	1,035,100	10,600	1.0%	101	30.5%		
4721 : Retail sale of fruit and vegetables in specialised stores	14,000	100	18,800	100	16,400	100	0.6%	101	0.3%		

Industry	2010		2011		Average 2010 & 2011		Somerset as % of GB	LQ	% of employment within F&D narrow	% of employment within F&D broad
	GB	Somerset	GB	Somerset	Great Britain	Somerset				
4722 : Retail sale of meat and meat products in specialised stores	31,000	500	35,600	400	33,300	500	1.5%	102		1.4%
4723 : Retail sale of fish, crustaceans and molluscs in specialised stores	2,700	0	3,200	0	3,000	0	0.0%	100		0.0%
4724 : Retail sale of bread, cakes, flour confectionery and sugar confectionery in specialised stores	53,400	400	57,500	400	55,500	400	0.7%	101		1.1%
4725 : Retail sale of beverages in specialised stores	17,100	0	20,500	100	18,800	100	0.5%	101		0.3%
4729 : Other retail sale of food in specialised stores	20,800	200	26,400	200	23,600	200	0.8%	101		0.6%
4781 : Retail sale via stalls and markets of food, beverages and tobacco products	2,700	0	2,700	0	2,700	0	0.0%	100		0.0%
28930 : Manufacture of machinery for food, beverage and tobacco processing	6,500	200	6,200	200	6,400	200	3.1%	104		0.6%
Total: Food and drink wholesale, retail and other activities	1,410,700	15,400	1,416,800	15,300	1,413,700	15,400	1.1%	101		44.3%

Source: BRES 2011, NOMIS

NB. Highest location quotients highlighted in yellow.

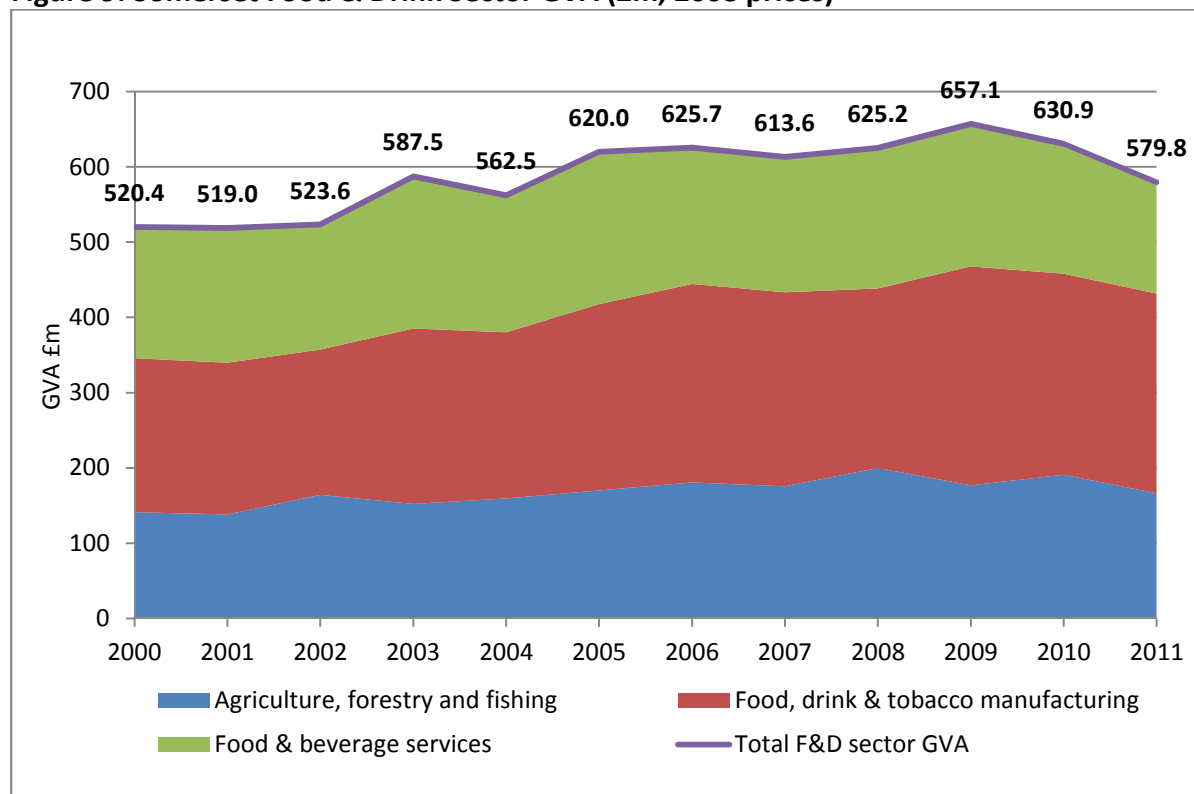
4. The Value of the Food and Drink Sector: GVA

Gross value added (GVA) is a measure of the output of a sector; the value of goods and services it produces and therefore its contribution to the economy. Previous analyses of the food and drink sector have made use of the South West Regional Accounts to extract data showing the GVA contribution of the sector. The South West Regional Accounts are no longer available as they were maintained by the, now defunct, South West Regional Development Agency.

Recently created Local Enterprise Partnerships now play a key role in driving economic development at a local level. Somerset is part of the Heart of the South West LEP, along with Devon, Plymouth and Torbay. The HOSW LEP has purchased a model from Oxford Economics which provides economic projections. The model includes actual data for the period 2000-2011 and projected data for the period 2012-2030. The analysis presented below uses the OE model's baseline projections to show the contribution of the food and drink sector in GVA and employment terms, and how it may change in the future.

It is important to note that the sector definitions within the OE model are less detailed than the BRES dataset and it is therefore only possible to provide GVA estimates for the 'narrow' definition of the food and drink sector. The additional food and drink related elements cannot be extracted from the wholesale and retail sector as a whole so they have been omitted from the analysis below.

Figure 9: Somerset Food & Drink Sector GVA (£m, 2008 prices)



Source: Heart of the South West LEP Economic Model, Oxford Economics

In 2011 the food and drink sector in Somerset was worth just under £580million (Figure 9), accounting for 7% of the County’s overall economic output. The sector is more significant than at national level, where it contributes 4.2% of the UK’s GVA. The value of the sector in Somerset has declined by 11.8% from its peak of £657million in 2009, showing the impact of the recession. Within the food and drink sector, manufacturing makes up the greatest proportion of GVA, generating £266m in 2011.

In comparison to the national picture, parts of the Somerset food and drink sector appear to have experienced delayed impacts from the economic downturn. Food and drink manufacturing has fared the best, showing significant growth of 11.2% between 2008 and 2011 (Figure 10). Food and beverage services have suffered the greatest contraction in GVA since 2008, decreasing by just over 20%. In comparison, the overall economic output of Somerset’s economy decreased by 4% between 2008 and 2011.

Figure 10: Annual GVA growth rates within the Food and Drink sector (% p.a.)

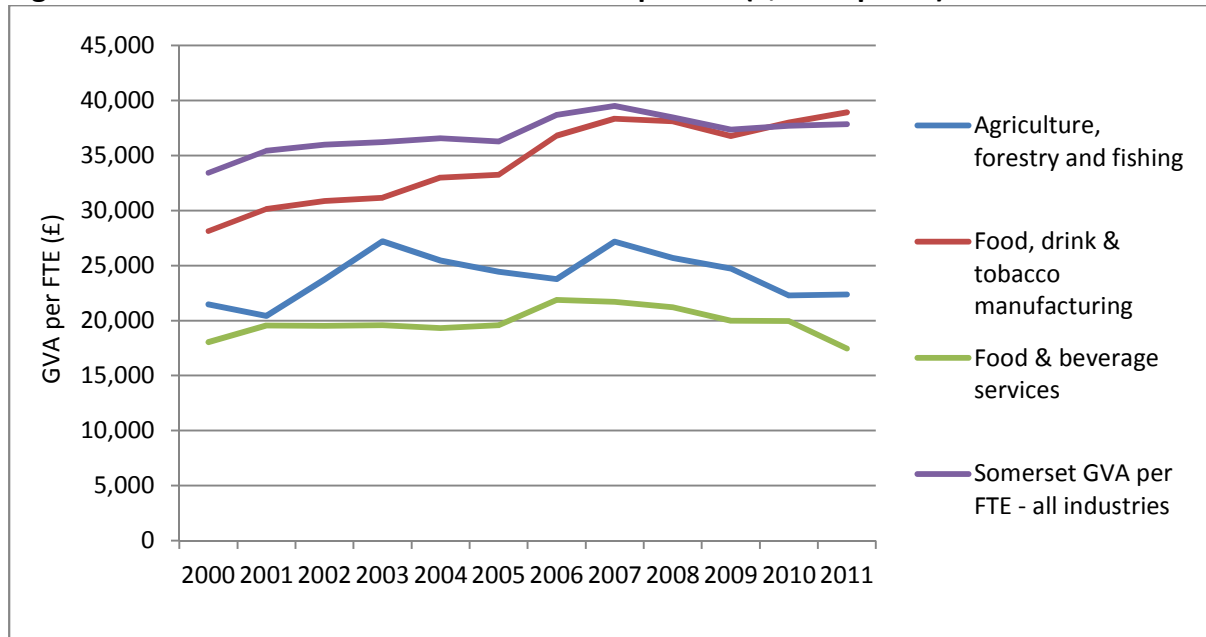
Industry Sector	Somerset					UK				
	2008	2009	2010	2011	Growth 2008-11	2008	2009	2010	2011	Growth 2008-11
Agriculture, forestry and fishing	13.8	-11.4	7.8	-12.9	-16.8	16.1	-15.2	-1.4	-2.6	-18.6
Food, drink & tobacco manufacturing	-7.3	21.7	-8.1	-0.6	11.2	-3.4	-4.7	5.5	1.4	2.0
Food & beverage services	3.5	1.5	-8.7	-14.5	-20.7	-0.6	-4.9	1.7	0.1	-3.2
All industries	-1.7	-4.7	1.0	-0.2	-4.0	-0.9	-4.4	1.8	1.0	-1.7

Source: Heart of the South West LEP Economic Model, Oxford Economics

GVA per full-time equivalent job (FTE) provides an indication of the economic output of an industry in relation to the number of jobs it provides in the economy. In GVA per FTE terms, Figure 11 shows that food and drink manufacturing has the greatest GVA per FTE in the sector at £38,936, marginally higher than Somerset’s overall GVA per head of £37,840. This demonstrates the importance of this particular sector within the County.

The other elements of the sector, however, have substantially lower rates of GVA per head. Despite being the largest food and drink sub-sector in employment terms, food and beverage services generate just £17,464 GVA per FTE. This reflects the fact that many jobs in this sector are lower paid.

Figure 11: Somerset food and drink sector GVA per FTE (£, 2008 prices)

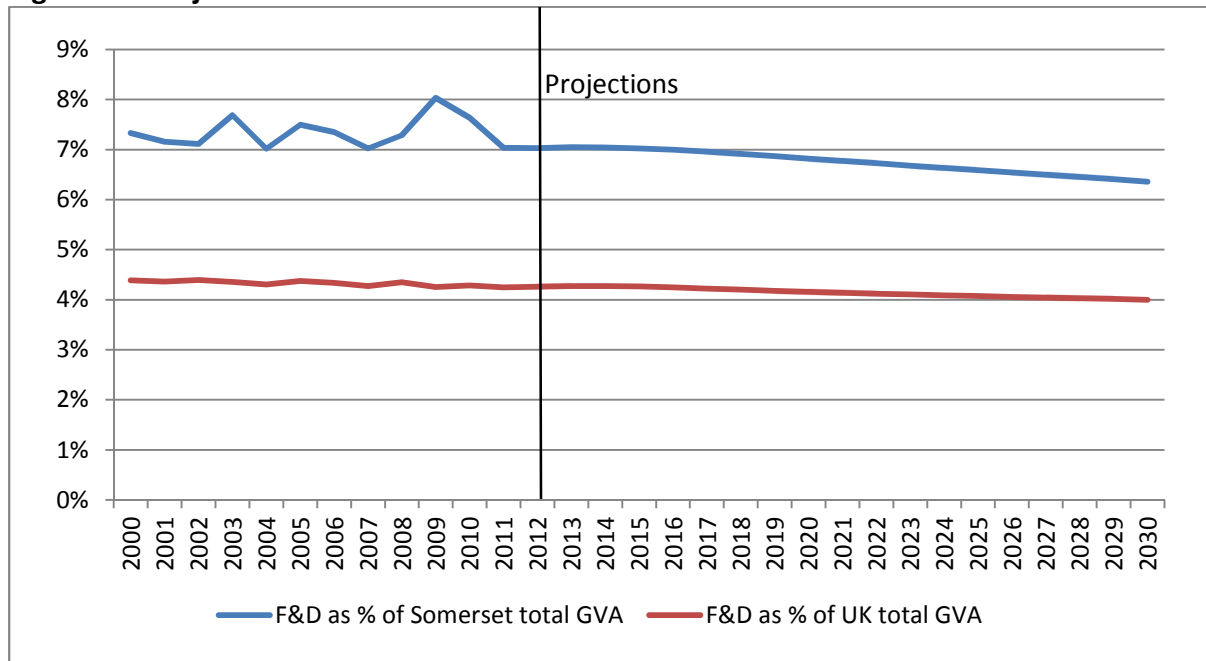


Source: Heart of the South West LEP Economic Model, Oxford Economics

5. The Future of the Food and Drink Sector

The Heart of the South West LEP Economic Model generates projections for a number of key indicators, including total GVA, GVA per FTE and employment. The model is an economically driven input-output model which includes up-to-date time series data on key economic indicators and enables the generation of consistent local economic projections and impact / scenario analysis.

Figure 12: Projected contribution of the food and drink sector to Somerset’s GVA

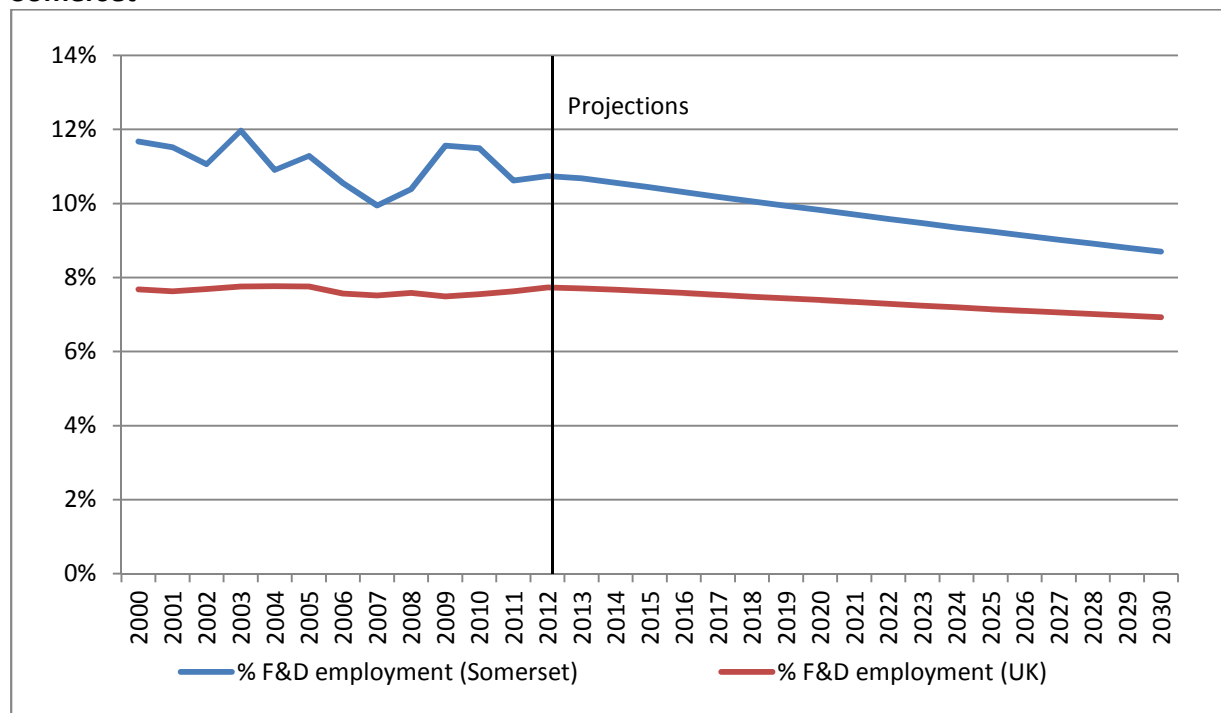


Source: Heart of the South West LEP Economic Model, Oxford Economics

The economic output (GVA) of Somerset’s food and drink sector is projected to grow by 48% between 2011 and 2030, when the sector is expected to be worth just over £858m. Despite this growth, the contribution of the sector to Somerset’s economy is projected to decline slightly over the medium term, from 7% in 2011 to 6.4% in 2030 (Figure 12). This compares to a projected decrease from 4.2% to 4% nationally over the same period. Clearly, the food and drink sector is expected to continue to be an important component of the County’s economy.

In 2030, the food and drink sector is expected to provide 25,600 jobs in Somerset, a decrease of 6% from 27,300 in 2011. Figure 13 shows the projected decrease in the food and drink sector’s contribution to total employment. A decline in food and drink jobs is also expected to occur at national level. Looking at this in the context of the GVA figures above, increased innovation in the sector will be relied upon to generate the high levels of anticipated GVA growth in the face of reduced numbers of jobs in the sector.

Figure 13: Projected contribution of the food and drink sector to total employment in Somerset



6. International Trade: Exports

Information on food and drink exports is only available down to a regional level. However, analysis of the UK and South West picture can give a general indication of the position for Somerset's firms. HMRC data shows that food and drink exports have performed strongly in the context of total exports in recent years. The value of South West food and drink exports has increased by 51% between 2007 and 2012, broadly in line with a 54% increase for the UK as a whole. At the same time, total exports have grown more modestly, by 18% for the South West and 35% for the UK. The majority of the South West's food and drink exports (20%) are fish and related products. A large proportion is also accounted for by dairy products and eggs (16%), an industry which is well-represented in Somerset.

Figure 14: Value of South West Food and Drink exports, 2012

	Value of exports £'000s	% of SW F&D exports	% of all SW goods exports	SW as % of UK exports
00 Live animals other than animals of Division 03	1,547	0.3%	0.0%	0.4%
01 Meat and meat preparations	101,128	17.1%	0.8%	6.4%
02 Dairy products and birds eggs	93,705	15.9%	0.7%	8.0%
03 Fish, crustaceans, molluscs and aq. Inverts and preps thereof	120,347	20.4%	0.9%	8.9%
04 Cereals and cereal preparations	44,942	7.6%	0.4%	2.3%
05 Vegetables and fruit	28,698	4.9%	0.2%	3.4%
06 Sugar, sugar preparations and honey	16,946	2.9%	0.1%	4.5%
07 Coffee, tea, cocoa, spices and manufactures thereof	25,054	4.2%	0.2%	2.2%
08 Feeding stuff for animals	34,282	5.8%	0.3%	4.2%
09 Miscellaneous edible products and preparations	56,111	9.5%	0.4%	4.6%
4 Animal and vegetable oils etc.	4,302	0.7%	0.0%	1.0%
11 Beverages	62,635	10.6%	0.5%	0.9%
All food and drink exports	589,697	100.0%	4.6%	3.3%
All goods exports	12,715,200		100.0%	4.3%

Source: HMRC Regional Trade Statistics

7. Conclusions

The food and drink sector is an important part of Somerset's economy, with a broad range of businesses providing thousands of jobs. The sector, however, has not always been as productive as it could be. In terms of its contribution to economic growth, there are varying fortunes within the food and drink industries, particularly between hi-tech manufacturing and service activities. Employment in the latter is often lower paid and part-time and output is affected by fluctuations in discretionary spending. Projections show that growth in the food and drink sector is expected over the medium term but will have to be driven by innovation and workforce development rather than simple jobs growth.

8. Appendix 1: Definitions

The food and drink sector has been defined in narrow and broad terms for the purposes of this report. The following SIC 2007 code definitions have been used:

Agriculture and fishing (01, 03):

- 01000 : DEFRA/Scottish Executive Agricultural Data
- 01610 : Support activities for crop production
- 01621 : Farm animal boarding and care
- 01629 : Support activities for animal production (other than farm animal boarding and care) nec
- 01630 : Post-harvest crop activities
- 01640 : Seed processing for propagation
- 01700 : Hunting, trapping and related service activities
- 03110 : Marine fishing
- 03120 : Freshwater fishing
- 03210 : Marine aquaculture
- 03220 : Freshwater aquaculture

Food and drink manufacturing (10, 11)

- 10110 : Processing and preserving of meat
- 10120 : Processing and preserving of poultry meat
- 10130 : Production of meat and poultry meat products
- 10200 : Processing and preserving of fish, crustaceans and molluscs
- 10310 : Processing and preserving of potatoes
- 10320 : Manufacture of fruit and vegetable juice
- 10390 : Other processing and preserving of fruit and vegetables
- 10410 : Manufacture of oils and fats
- 10420 : Manufacture of margarine and similar edible fats
- 10511 : Liquid milk and cream production
- 10512 : Butter and cheese production
- 10519 : Manufacture of milk products (other than liquid milk and cream, butter, cheese) nec
- 10520 : Manufacture of ice cream
- 10611 : Grain milling
- 10612 : Manufacture of breakfast cereals and cereals-based foods
- 10620 : Manufacture of starches and starch products
- 10710 : Manufacture of bread; manufacture of fresh pastry goods and cakes
- 10720 : Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes
- 10730 : Manufacture of macaroni, noodles, couscous and similar farinaceous products
- 10810 : Manufacture of sugar
- 10821 : Manufacture of cocoa, and chocolate confectionery
- 10822 : Manufacture of sugar confectionery
- 10831 : Tea processing
- 10832 : Production of coffee and coffee substitutes
- 10840 : Manufacture of condiments and seasonings
- 10850 : Manufacture of prepared meals and dishes
- 10860 : Manufacture of homogenised food preparations and dietetic food
- 10890 : Manufacture of other food products nec
- 10910 : Manufacture of prepared feeds for farm animals
- 10920 : Manufacture of prepared pet foods
- 11010 : Distilling, rectifying and blending of spirits
- 11020 : Manufacture of wine from grape

11030 : Manufacture of cider and other fruit wines
11040 : Manufacture of other non-distilled fermented beverages
11050 : Manufacture of beer
11060 : Manufacture of malt
11070 : Manufacture of soft drinks; production of mineral waters and other bottled waters

Food and drink services (56):

56101 : Licensed restaurants
56102 : Unlicensed restaurants and cafes
56103 : Take away food shops and mobile food stands
56210 : Event catering activities
56290 : Other food service activities
56301 : Licensed clubs
56302 : Public houses and bars

Wholesale, retail and other (parts of 46, 47 & 28):

46110 : Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods
46170 : Agents involved in the sale of food, beverages and tobacco
46210 : Wholesale of grain, unmanufactured tobacco, seeds and animal feeds
46230 : Wholesale of live animals
46310 : Wholesale of fruit and vegetables
46320 : Wholesale of meat and meat products
46330 : Wholesale of dairy products, eggs and edible oils and fats
46341 : Wholesale of fruit and vegetable juices, mineral waters and soft drinks
46342 : Wholesale of wine, beer, spirits and other alcoholic beverages
46360 : Wholesale of sugar and chocolate and sugar confectionery
46370 : Wholesale of coffee, tea, cocoa and spices
46380 : Wholesale of other food, including fish, crustaceans and molluscs
46390 : Non-specialised wholesale of food, beverages and tobacco
47110 : Retail sale in non-specialised stores with food, beverages or tobacco predominating
47210 : Retail sale of fruit and vegetables in specialised stores
47220 : Retail sale of meat and meat products in specialised stores
47230 : Retail sale of fish, crustaceans and molluscs in specialised stores
47240 : Retail sale of bread, cakes, flour confectionery and sugar confectionery in specialised stores
47250 : Retail sale of beverages in specialised stores
47290 : Other retail sale of food in specialised stores
47810 : Retail sale via stalls and markets of food, beverages and tobacco products
28930 : Manufacture of machinery for food, beverage and tobacco processing

9. Appendix 2: Data Sources

Business Register and Employment Survey (BRES)

<http://www.nomisweb.co.uk/>

Inter Departmental Business Register (IDBR)

<http://www.ons.gov.uk/ons/about-ons/who-we-are/services/unpublished-data/business-data/idbr/index.html>

HM Revenue and Customs, Regional Trade Statistics

<https://www.uktradeinfo.com/Statistics/Pages/Statistics.aspx>