



Review of the Food Business Investment Scheme

Executive Summary

1. Research aims and methodology

- 1.1 Food and drink is a priority economic sector in Wales. The Welsh Government's Food Division commissioned a Government Social Research (GSR) report outlining the findings of a review of the Food Business Investment Scheme. Welsh Government social researchers within Knowledge and Analytical Services (KAS) undertook the review. The findings from this review will help inform decisions on future business support and, in turn, will contribute towards the development of the Welsh Government's new strategy and action plan to support Wales' food and drink industry after 2020.¹
- 1.2 The main aim of this review was to gain insights into the effectiveness of the Food Business Investment Scheme. More specifically, the objectives of the review were to obtain views from a range of stakeholders whose businesses have been or are in receipt of support from the Food Business Investment Scheme, as well as those who support the provision of the Food Business Investment Scheme in order to:
- measure satisfaction with the Food Business Investment Scheme and assess the effectiveness of the scheme on businesses
 - obtain a rounded understanding of areas which are working well and any key areas of improvement
 - help prioritise and develop future funding schemes.
- 1.3 This report is based on the findings from an online survey, sent to a sample of businesses that have been or are currently in receipt of support from the Food Business Investment Scheme, and qualitative interviews with a sample of those same businesses, as well as interviews with business support officials from Welsh Government (Food Business Managers) and Cywain.²

¹ [Future Strategy & Planning for Food and Drink in Wales](#) [Accessed: 05/04/2019].

² [Cywain](#) is a Menter a Busnes project aimed to help develop new products or markets for primary agricultural produce or fisheries. [Accessed: 17/04/2019].

Methods

- 1.4 For this research, the following methods were used:
- An online survey, which was sent to all organisations who have received Food Business Investment Scheme-support. The survey was live from 8th November 2018 to 24th January 2019.
 - Telephone interviews with a sample of stakeholders who have received Food Business Investment Scheme funding. These were undertaken in February/March 2019.
 - Telephone interviews with business support officials from Welsh Government (Food Business Managers) and Cywain. These were undertaken in March 2019.
- 1.5 The small-scale survey aimed to collect the perspectives and experiences of businesses in receipt of support about the application process and their project investment. Individual interviews followed on from the survey, enabling researchers to probe businesses views and experiences in more detail. The interviews explored questions around the impacts of the support and ideas for future improvement.
- 1.6 The online survey received a low response rate. This meant there were a very small number of responses to most questions; therefore care should be taken not to overstate the findings of the survey. The review did not include businesses that applied for the scheme but then either withdrew or were rejected. The views of this particular stakeholder group have not been identified and this group may have different views and experiences.

2. Key findings

Perceptions of the Food Business Investment Scheme

- 2.1 Overall, there was a favourable attitude towards the scheme from food businesses in receipt of the support. Most interviewees reported that they were very pleased with the outcomes they had achieved as a result of the scheme. Interviewees were asked what they thought had worked well with the scheme; the key areas reported were business growth and support from Welsh Government.
- 2.2 Interviewees were also asked about their motivations for applying for support. The general finding was that interviewees believed the scheme filled a gap as there was a lack of suitable funding alternatives. One Food Business Manager also highlighted the need for the Food Business Investment Scheme, stating that the scheme is 'incredibly popular' with each round over-subscribed. They reported that a strength of the scheme is the high level of engagement from Welsh businesses with the scheme.

Support/Communication

- 2.3 Interviewees were also asked how they would describe the support from Welsh Government officials. Overall, the comments made were positive. This was also reflected in the survey responses. When asked to what extent they agree or disagree that overall they were satisfied with the support they received, 9 (out of 11) respondents agreed that overall they were satisfied with the support. Most interviewees reported that having a single liaison person [food business manager] worked well. Food business managers support the businesses in their region on a day-to-day basis. A number of interviewees stated that this 'worked brilliantly'.

Impacts

- 2.4 The main finding was that all nine interviewees reported that they had delivered what they expected to achieve with the scheme. Examples of their project plans included moving to new premises, purchasing new equipment and building new facilities. Food business interviewees were then asked

more specifically about their perceptions of the impacts of the scheme on their businesses. The four key areas explored were; employment, training, turnover and environmental sustainability.

- 2.5 The majority of interviewees reported an increase in employment as a result of the support from the scheme. Most interviewees also reported they had exceeded their target number for new employees. Some interviewees reported that they had increased their training offer as a result of the support from the scheme. Some interviewees referred to training as 'part and parcel' of the grant scheme, whilst others reported they were now able to offer more training. Nearly all (8 out of 9) interviewees reported an increase in turnover as a result of the scheme. Nearly all interviewees (8 out of 9) reported that they had increased their environmental sustainability offer in one way or another. The main themes were energy efficiency (LED lighting, solar panels), waste efficiency (recycling projects, less plastic use) and sustaining changes in the long term.

Areas of Improvement

- 2.6 The three main areas identified by research participants as areas of improvement are the application process, the claims process and communication with Welsh Government Officials.
- 2.7 Many interviewees and survey respondents reported how the application process was time consuming and difficult to carry out. In addition, interviewees reported that the time taken for the grant to be awarded was too long. One support official reported that the main challenge is 'trying to persuade businesses to stick with it and invest in it'. They reported that when applicants see the application process and the timeframes involved they find it 'really off-putting' and encouraging businesses to see the scheme as an opportunity is very difficult.
- 2.8 At the start of their projects, once they have been awarded the grant, businesses plan the time slots in which they will spend money (e.g. for new equipment) and subsequently submit dates in which they wish to make claims for a proportion of that money back. For most of the interviewees the timings around the claims process were challenging. The majority reported long delays in receiving claims back which in turn delayed projects which was 'frustrating' and 'challenging'. The claims process was also reported by the majority of interviewees to be complicated. In addition, interviewees reported that the rigidity of the scheme and the inflexibility of the claims process in particular, didn't match the fast-pace of their businesses as they grew.
- 2.9 Five (out of nine) interviewees reported that communication with Welsh Government officials was inconsistent. 'Welsh Government officials' refers to the contacts food businesses had with officials who were not Food Business Managers. Overall, the main finding was that Welsh Government officials were helpful; however, there were issues around the lack of consistency within Welsh Government teams.
- 2.10 When asked whether they felt there were any gaps or limitations to the scheme, business support officials reported that providing a wider breadth of support would help Wales' food and drinks sector. Two interviewees highlighted how, at present, the scheme primarily supports capital investments. Specific examples provided by some of the business support officials on areas where the scheme could be improved included: developing more tailored opportunities for smaller micro-businesses; and providing training for food and drinks businesses aimed at improving technical expertise and project management and marketing skills. One food business interviewee also reported it would have been helpful if once they had achieved what they set out to under the scheme they had been signposted to further support. Support officials also reported a shortage of business units. According to one business support official, for smaller businesses, especially those operating in rural communities, assisting in the provision and take-up of business units, including shared working spaces, could help these businesses expand; whilst in some instances, also limiting their overheads by enabling them to share costs with others.
- 2.11 One support official reported that there are some businesses, particularly smaller businesses, who are not applying for support from the scheme. They suggested this could be attributed to the perception amongst smaller businesses that the scheme was for larger companies rather than

smaller businesses like them. Both support officials from Cywain therefore suggested 'smaller pots of money' for smaller companies would be beneficial.

3. Conclusions

- 3.1 Overall, participants reported a favourable attitude towards the scheme. Generally, any difficulties encountered by participants were felt to be outweighed by the strengths of the scheme. The key strengths identified were; the outputs businesses have achieved as a result of the support from the scheme, the helpful support provided from Welsh Government, and the direct impacts which research participants attributed to the scheme such as, increased employment, training, and environmental sustainability.
- 3.2 These aspects contribute to the popularity of the scheme amongst research participants, who felt it filled a gap in the support available for Wales' food and drinks businesses. However, some areas for improving the Food Business Investment Scheme were also identified. The three main areas identified by research participants as areas of improvement were; the timeline of the application process, the claims process, and communication with Welsh Government officials. The inflexibility of the scheme was also raised by some interviewees as an area for improvement. For them, for businesses growing very quickly, the scheme is not flexible enough to adapt to the pace of change.
- 3.3 Despite the challenges mentioned by participants in the research, overall, the majority felt the Food Business Investment Scheme had hugely benefited businesses in Wales and had a positive impact on those businesses in receipt of support. Research participants reported they would like to see future investment in other types of support, such as training and project management.

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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