**REPORT FROM DISCUSSIONS WITH MAJOR GLASSHOUSE OWNERS**

## INTRODUCTION

In order to get a clear view regarding the appetite for growth and expansion of the pack house/Glasshouse industry in Epping Forest a series of high level discussions were undertaken with the owners of the major businesses in the area. Given the nature of the business model of current production where large pack houses contract with the majority of the smaller family owned businesses, agreeing contracts with major supermarkets which they work in tandem with smaller growers to meet, it was felt that these larger enterprises would be well placed to offer insight into the future of the industry and the barriers and implications of growth. A view was needed on not only general understanding of the industry collectively but where possible insight into individual's views on the expansion needs of their own business. This work was undertaken primarily to inform the development of the local plan.

## METHODOLOGY

In summer/ autumn of 2016 the Lea Valley Food Board agreed a questionnaire in consultation with the Planning Dept. at EFDC to explore the key issues in a guided conversation. (See Appendix One)
One of the major growers representing the industry undertook to contact and brief owners prior to the meetings to help ensure participation as there were ongoing issues emerging around the councils relationship to the industry, particularly the Lea Valleys Growers association following enforcement action and visits by council officer linked to continued issues around the standard of worker accommodation, health and safety and water contamination. Given the commercial sensitivity of some of the questions posed, and the fact that growers as well as operating collectively through the Lea Valley Growers Association are also in a highly competitive environment its was agreed at the Food Board that interviews would be conducted on a one to one basis and assurances would be given to individual growers that any information given would be aggregated and not reveal individual investment plans. With these assurances it was felt that discussions about actual plans for investment would be more complete. A Total of four of the six major pack house marketing companies were interviewed and these were held at the main offices of each company. (Appendix two includes the notes of each meeting.)

## MAIN CONCLUSIONS

In terms of the brief that the research set there were a number of key conclusions:

- Growth. All of the companies felt that there was a significant opportunity for growth, and all were actively pursuing this or had just completed major investment and expansion to floor space and or equipment or both. A number had detailed plans for expansion, funding available and sites identified and negotiations with landowners already begun, while others where in the process of developing these, but felt that the right enabling policies in the Local Plan could give this impetus. There was general agreement that although the continued downward pressure on prices there remained an opportunity to generate more market share for UK products, which were favoured by UK consumers and this, could be achieved without the taxpayer subsidy enjoyed from CAP enjoyed by other producers.
- Barriers to Growth. As indicated enabling planning policies were felt to be key. A major and recurrent issue raised however linked to land availability and in particular the impact of cost of purchase and the ongoing impact of 'hope value'. This is where potential sites were held with a view to release for residential development, which would generate a much greater return to owners than development as Glasshouses. A number of Growers had for some time been in discussion with neighbouring landowners and had foundered on these considerations. This also has impact on the ability to build out in comparison to areas such as Kent and sites well away from the creep of development from the capital. Considerations around the impact of Brexit linked to exchange rates, as some products were imported at key times, and principally the ability to attract and retain staff from overseas. It was raised that the industry was very willing to work more with older workers. Some companies have successfully targeted this market and there is a view that this is an area which could help meet workface needs more in the future.
- Location. There were concerns raised again around the capacity for expansion in the Lea Valley area. Concerns about the attitude of LVRPA to the Glasshouses and the need for planning policies from the council that could unlock the significant growth that had been restrained in the past. It was acknowledged again that long term the issue is about scale and efficiency of production platforms to increase productivity and competition from other UK sites which didn't face the same constraints

made long term planning problematic. Growers felt larger footprints and taller structures would be an element of expansion, with also potential to produce all year round using lights. However the growers still wished to retain their current location within the district and close to London and there was a general feeling that this was the best option. There was a suggestion made that the future could be around transferring existing scattered production and packing sites onto one major site to share infrastructure and combined energy as the best way forward. However there seemed little general support from this across the growers spoken to with issues such as inability to reach agreement across all key shareholder, lack of suitable site of scale and costs of the programme. This idea would however have major advantages for infrastructure and long term development. And expansion to meet growing needs and demands of supermarkets who remain the major customers for local produce as opposed to wholesale.

- Brexit. Following the referendum vote this issue quickly emerged as a potential opportunity, or in the shorter term threat to the industry. The current business model involves both productions of UK food, but in those months where lighting and heating costs would prove prohibitive the local pack houses import and package foreign produce. There was a lack of clarity around the potential impact but some key issues we raised. Key amongst these was access to labour supply. Foreign and seasonal workers account for a majority of labour in the industry. If impediments are put in place to this supply ability to deliver locally will be significantly impacted. Exchange rate fluctuations or significant devaluation of the pound could give UK produce a significant competitive edge over foreign produce in price terms, but again might undermine the industry in attracting foreign labour. If devaluation occurs this will increase competitive pricing but might be offset to a degree by the need to enhance labour costs and to stock nurseries from overseas, particularly areas such as Holland. Brexit was highlighted as an unknown but potentially very significant factor in the growth or contraction of production in the district.
- Planning Policy, allocation, criteria or hybrid approach. There seemed a lack of real understanding among growers of the impact of these different types of policies. It was clear that much of the land that had been allocated for glass under previous policies was unsuitable for modern glasshouse sites, and clearly there were many areas of dereliction where production had ceased. Dereliction was acknowledged as an issue often reflecting the need for viable units in the current market to be of a significant size. Growers felt that Allocation gave a degree of certainty; however what they were interested primarily from policies was the need to eradicate hope value and enable the industry to expand in a way that was sustainable in the district. Whatever the name of the policy growers felt that how it was interpreted and implemented was key. There was concern raised over the continuation of the traditional industry model of accommodating workers linked to production on and around site. This was an issue particularly in the district where housing costs were very high compared to other production areas such as Kent et al where supply and cost proved less of a problem. It was acknowledged that this posed planning problems in the green belt and there were issues of quality with existing units. Some growers felt however that this was not an issue; in particular workers were often living in Harlow. Growers highlighted failed attempts to increase local employment to offset the need for housing, and longer term aspirations to reduce costs through increased automation. However this still left a short term problem for the industry meeting its supply commitments. Potential for use of low grade current agriculture land (i.e. lower hope value) was raised as an option with regard to the greenbelt constraints on glasshouse expansion.
- Transport infrastructure. This was identified as a long term issue, with many areas of intensive production scattered over the Lea Valley served by large vehicles being accessed through inadequate roads. A point was raised on a number of occasions about the identity and destination of HGVs which local people assumed were en route to or from pack houses but in many cases were not linked to the industry at all. Greater clarity and communication was needed on this issue.
- Technological advances. Big strides were being made in innovative application of new technology to drive down costs and reliance on labour. A number of trails are currently in operation or have been completed looking at the ability of LED lighting to enhance crops. The potential to grow all year round with additional lighting was mentioned more than once as a way forward. This might well bring light pollution issues. A central energy facility could help lower costs; energy remains a major cost of production. Systems to manage water resources are in place, and new digital image based management systems have been discussed to give enhanced control over water, lighting heat etc. while maintaining optimum growth.

**CONCLUSION**

The industry was in general very optimistic about its ability to expand to meet a growing UK market and preference for home grown produce among consumers. The drive to reduce carbon emissions and the need for greater productivity from sites and economies of scale would indicate larger more automated sites in future. The preference for the industry was to remain in the Lea Valley. However this wish maybe overridden by the market and the need for available areas for expansion and for the scale of sites (bigger/taller). Growers reiterated their wish to have an effective partnership approach with the Planning authority to meet the challenges identified and welcomed the industry being highlighted as a potential area for growth.

**APPENDIX**

**1.** Consultation Questionnaire for Pack house Owners

a) Going forward what do you think the future holds for the horticulture sector generally and the Lea Valley in particular? Maybe break down into short medium and longer term.

b) What are your thoughts/plans for expansion, how far along the path to growth have you got? Is your aspiration for growth in the next 5 years, 10 years or beyond?

c) What are the three main barriers to expansion for your business?

d) What do you think are the main barriers for the local industry as a whole?

e) What role does the local planning authority have to play in unlocking growth?

f) What was your view of the last glasshouse study commissioned by the Council from Lawrence Gould and its recommendations?

g) In particular what was your view about the size and location of the designated areas for expansion?

h) Some growers have indicated that there might be an opportunity with favourable market conditions to double the acreage under glass in the area over the next 20 years; do you think this is realistic? What might need to happen to make this a reality?

i) How important to you is continuation of the Lea Valley business model with worker accommodation onsite in the greenbelt?

j) How important to you is it to retain Packhouses in the greenbelt close to production?

k) We know that the unit sizes of glasshouse sites in the district are well below the national average, is this still sustainable going forward?

l) Does the policy of 'designated areas' for growth still work to unlock expansion?

m) Would a 'criteria based' approach or a 'hybrid criteria/designated approach' cause you concern as a business?

n) It has been suggested that the most efficient/sustainable way to support growth would be the establishment of one major site with integrated energy and transport links, is this suggestion worth exploring, would there be an appetite from your business to do this?

o) Previous research showed major grower support for expansion in the Lea Valley, have you any interest in looking at expansion elsewhere in Epping Forest/surrounding areas if this could be achieved?

p) Have you ever considered Packhouse sharing, is this a viable suggestion going forward, freeing up more land for production, or just not practicable?

q) What is the best way of engaging with the industry going forward to ensure that the local plan fully understands the needs and expectations of the glasshouse industry?

r) Would your organisation be willing to undertake travel planning in order to develop / improve routes that direct traffic away from Epping Forest? This could involve conducting staff surveys regarding the normal routes taken by staff in the transportation of goods. It may also involve the promotion of some routes over others.

s) If routes are already established can you provide us with this information / maps? If routes have not been established with staff, would you be willing to conduct a staff survey on our behalf so that we can understand in more detail transport movements in the district?

t) Are there any longer term factors that could undermine the viability/sustainability of the industry's location in the Lea Valley?

u) Is there anything we have missed, anything else you would like to raise?