

Produce Supply Chain

South Holland is the best place to do business.

Where is the best place to operate a fresh produce business in the United Kingdom? We have taken the old “Garden of England”, Kent and compared it with the new “Kitchen of England”, South Holland, to illustrate just how good South Holland is. This takes into account the most practical and best cost effective total route to the Supermarket including the processing, packing, labelling, warehousing and distribution for non UK produced goods.

This report highlights the differences, benefits and why.

To start, all goods (excluding air freight) arrive from wherever in the world either containerised or direct haulage. Looking at the main ports of entry from Europe into the UK and indeed the world with the new London Gateway both routes would point to developing produce hubs in and around Kent.

With population density and processing on route to final destinations at first glance Kent would make logistical sense. However if we consider all aspects throughout the whole process of getting the product to the supermarket, this highlights a very different conclusion.

The inbound delivery costs to Kent are cheaper but that is where the savings end.

The South Holland location,

All associated produce companies, suppliers, packaging, Agency staff, Tray wash and Transport are all in a circa 5 mile radius of each other, keeping associated add on costs to a minimum. Food manufacturing is 13 times more significant as an employer in the district than the national average, transport and warehousing also shows up as twice the national average.

Land, Housing and Building costs,

Are all much cheaper in South Holland, reducing depreciation on capital investment for warehousing and processing facilities plus available affordable housing for the workforce.

Salaries, wages and Agency rates,

South Holland is much cheaper than Kent, creating competitive labour rates in an already price conscious market. Average gross weekly pay in South Holland is £469 against a national average of £520 (10.8%)

Staff Expertise,

Another of the districts strongest assets is its readily available, flexible workforce which complements the 24/7 working pattern that todays manufacturing and supply to customers require.

Transport.

Anecdotal evidence suggests that some 35% of the nation's food will touch the South Holland District and 37% of Fresh produce is dispatched from South Holland to UK customers.

All the major temperature controlled haulage companies are based in and around the South Holland area creating competition and experience of operating.

Transport Consolidation:

The distribution pallet rates for South Holland are the cheapest in the UK due to location. The distribution pallet rates between Kent and South Holland are on average £5.25 per pallet cheaper.

Over 3% better MPG from South Holland.

Average 4 MPH faster journey time if starting from South Holland rather than Kent.

Supermarket Delivery Requirements:

Generally the lead times from order to delivery are tightly controlled. With a Hub based in Kent there are many problems to overcome:

- Difficulties delivering to Scotland and the North of England, adding cost due to overnight stays (not fully utilising the vehicle) and / or staff changeovers.
- Unpredictable M25, A20 and M20 adding cost due to slow and inconsistent travel times plus poor booking time arrivals at the Customer.

South Holland is already recognised as the natural centre for food, having the Lincolnshire University Campus for food based there to develop all aspects of the UK food industry.

Looking forward, the current developments in South Holland are:

- A large International HGV park to accommodate growth in direct haulage deliveries.
- 7000 new homes plus school to provide additional local labour.
- A new relief road to accommodate the additional housing.
- A new conference centre and Produce Park.

In addition to imported product, the South Holland infrastructure also serves the UK home grown produce industry. The local area around South Holland is one of the largest growing areas for root vegetables, brassica's and top fruit in the UK.

All creates volume and with volume reduces cost.

It is one of the most important challenges today for all supermarkets to develop the best and least cost supply chain to market, identifying the wrong solution would lose the supermarket their competitive position. Choosing the right option would secure future supply growth with robust supply chain costs.

In summary, the most efficient place to set up or develop a produce business based on the above points, now and for the future is South Holland.

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10 key facts about South Holland:

- The total population is 88,300
- The largest town in the district is Spalding with a population of 28,722
- The district has 47 towns and villages
- There are 37,300 households
- The average household size is 2.3 persons
- The average age is 43.4 years
- The district has low levels of unemployment (2.7% in April 2013)
- 97.8% of the population are white

- 78.1 % of the population are in good or very good health
- 2.7% of the population are Polish and 1.6% are from other Baltic states

Source: SHDC