



December 2017, Maelor Foods Limited – Statement in support of planning application for removal of planning condition limiting the number of birds being processed each week to 400,000

1.0 Planning Background

- 1.1 On 21 October 2014 Maelor Foods Limited (formerly known as Maelor Poultry Limited) submitted a planning application for the change of use of Maelor Creamery to a Poultry Processing Facility. This application was approved on 2 March 2015 and was subject to a condition that no more than 400,000 birds shall be processed each week. This condition has also been applied to subsequent permissions obtained for a series of extensions and operational plant additions at the site.
- 1.2 When the application was submitted the initial budget for the investment was £10 million and the creation of 150 new jobs. Initially it was estimated that the Company would contribute at least circa £ 3 million annually to the local economy this has now been uplifted to circa £ 6 million annually in terms of wages to employees and goods and services purchased from local suppliers.
- 1.3 The initial planning for the change in use was granted on 2 March 2015, however after looking at other slaughtering plants the slaughtering equipment and design of the layout of the site under construction the most efficient process was not going to fit in the existing site. Therefore additional planning consent was applied for to extend the site in order to fit the most efficient layout into the site and this was approved in February 2016.

2.0 Why the Maelor Site was Purchased

2.1 The reasons for the purchase of the Maelor site were:

- (1) To supply slaughtered / eviscerated whole birds to Salisbury Poultry Limited (SPL) a related company. At the time of the application SPL were processing circa 350,000 birds per week.
- (2) Maelor would also ensure Vertical Integration which is a requirement of Major Retailers who require the 'Farm to Fork' process where a supplier is able to demonstrate the whole process. The new slaughtering and processing plant will open a number of opportunities for the Company who will be able to demonstrate this process and in particular look at the Retail sector.

2.2 At the time of the planning application, SPL for the year ended 30 June 2014 had turnover of £67 million and 367 employees and on average were cutting 350,000 birds per week. This influenced the decision by the Company to only look at a facility for 400,000 birds being slaughtered per week.

2.3 However, for the year ended 31 December 2016 the turnover of SPL increased from £67m to £102m a growth of 52% and the number of employees from 367 to 550. In the current period to July 2017 there has been further growth of 30% year on year and the Company has become a significant name in the UK Poultry Market.

2.4 SPL are currently processing circa 700,000 birds per week. The implications of this growth was that when the application was submitted only 350,000 birds were being cut by SPL and this has now grown to over 700,000 birds per week. This means with the Maelor facility only having slaughtering approval of 400,000 birds per week this leaves a significant shortfall of supply of slaughtered birds to SPL and this is even before taking into account the 'Farm to Fork' opportunities and entering into the retail sector.

2.5 Following a series of food fraud, animal welfare issues and rising awareness of environmental matters, the British public have widely demanded transparency in supply chains in the meat industry. Accordingly, the market is increasingly swaying toward locally sourced, ethically and environmentally assured foods. SPL have benefitted from this and the demand for UK Red Tractor has been a key driver to the growth in the business.

2.6 Maelor will need to address this issue and to facilitate the required increase in numbers of birds that will need to be processed each week they are left with no choice but to seek to remove the limiting planning condition on the facility. Removal of the planning condition will enable the operator to take account of the significant growth of SPL and the potential of retail customers.

3.0 Construction costs and operational costs

- 3.1 The site at Maelor is now being constructed and the current estimated costs of completing the project is estimated to be over £20m this is double the original forecast. The number of jobs expected to be created at this site is estimated to be 200. We have already created 70 jobs on site with phase one being opened in June 2016 which is the cutting operation. The slaughtering operation is expected to be opened by the end of November 2017.
- 3.2 The cost of the project has doubled from the initial planning process and this is primarily because of the following factors:
- (1) The direct impact of Brexit. Before the Brexit vote last year the exchange rate for the £ to Euro was approximately £1 = Euro1.40 this is now approx. £1 = Euro1.09 and the impact of this has been to increase the cost of this project by circa £1.9m.
 - (2) The extension where planning was approved in February 2016 has added circa £2.5m to the initial cost and this will improve efficiency at the facility as well as animal welfare and the ability to control odour emissions.
 - (3) The cost of the lorry park for the site has added £1.4m to the initial cost. This will ensure all vehicles have a parking facility and the supporting infrastructure at the site and prevent vehicles standing idle on the road network.
 - (4) Borehole water tank and pumping station for borehole water has added circa £1.3m. This will ensure the plant is environmentally friendly and using natural resource from the ground.
 - (5) Water treatment plant cost has added circa £1.2m. This will ensure that 40% water is being recycled and re used and ensuring less wastage.
 - (6) The slaughtering and chiller equipment:
 - (a) Starting from the initial intake process of the birds – where the latest gas stunning system has been purchased/installed. This will give energy efficiency savings compared to the current traditional plant being used by most Companies. This system has cost more initially but will have significant longer-term savings both in energy and in the welfare of the birds. In terms of welfare of the bird, gas stunning controlled atmosphere systems minimise pre-slaughter handling, remove the need for inversion and live shackling and avoid the problems associated with pre-stun shocks, missed stuns and inadequate stuns. This all puts less stress on the bird and as a result improves meat quality.
 - (b) Chillers/Refrigeration – the old chiller/refrigeration systems use an old inefficient gas system which is neither energy efficient nor carbon friendly. Maelor have invested in the latest energy and carbon friendly efficient chillers and refrigeration which initially costs more but will give a circa 30% saving on energy consumption. This saving is achieved by the use of the

gas stunning and shock maturation chilling which allows you to cut up and debone faster and more efficiently. Traditionally if you mature your bird's offline for 8-24 hours you are taking up a large footprint and use all that energy during that period. The new process will reduce the time on the birds being in chillers/refrigeration and reduce these costs. Efficiency of process is critical

- 3.3 All of the above has meant that the initial budget for the project has increased significantly from when the initial planning was granted for the 400,000 birds per week. This has meant that for the project to be viable the planning will need to be increased to circa 1 million birds to be slaughtered per week.

4.0 Number of Farmers in the area to supply live birds to Maelor

- 4.1 Maelor are working with local farmers to supply live birds to the site once it is fully operational. Maelor have employed an experience local planner who is already liaising and planning with local farmers to ensure that the site has the birds available for slaughtering once the site is opened.
- 4.2 The supply chain (bird suppliers) is located within a 50 mile radius of the poultry facility.
- 4.3 Maelor are having discussions with local farmers in order to generate a supply chain (bird suppliers) within a 50 mile radius of the poultry facility. These discussions are ongoing and an additional number of potential suppliers are being identified on a daily basis. This provides support that Maelor will be able to get local sourced live birds to enable it to fulfil any increase in capacity. By being locally sourced this will ensure the miles covered by HGVs are greatly reduced and the travel time for the birds is minimal.
- 4.4 The current licence capacity of 400,000 has an impact by limiting the growers we are able to contract with. This will mean any larger growers within our area we are not able to contract with as they will be too large for us because of our limited capacity. These local large growers will therefore send their live birds to other slaughter houses that will be outside the region. This will mean the birds are travelling longer distances and the vehicles are on the road for longer journeys. By having local growers this cuts down congestion on roads and ensures the local area is benefitting and thriving.
- 4.5 We are looking to push the Welsh brand by having locally sourced birds slaughtered at Maelor and sold to retailers within Wales to promote this brand and origin. By extending the licence this will enable us to source local large growers where we will have the farm to fork story for the Welsh brand.

5.0 Market size for Poultry

5.1 Total Market – Poultry – Key Note Meat & Market Products Market Report 2016

- 5.2 The new supply of poultry meat in the UK totalled an estimated 1.8 million tonnes in 2015, representing an increase of 0.7% from the previous year and 2.2% from 2011. The growth in production has occurred year-on-year, with the exception of 2014, revealing a strong British poultry market, even in the face of growing campylobacter concerns. The sector remains the largest in the UK meat market; as the most consumed meat, there is great demand for it. Poultry meat is overwhelmingly and increasingly home-fed, with this home-fed proportion rising by 4 percentage points over the past 5 years to total 91% of production in 2015. This is partially attributable to the growing demand for provenance, with local produce increasingly important to the UK consumer base. Furthermore, foreign demand for British poultry meat is also growing, with an additional 5,000 tonnes of goods exported to the rest of the world over the last year, meaning the UK exported an estimated 99,000 tonnes of poultry meat outside the EU in 2015, while intra-EU exports rose for the third consecutive year. Nevertheless, the UK continues to import a significant volume of poultry meat, bringing in 467,000 tonnes from the EU and 31,000 tonnes from the rest of the world in 2015, in an attempt to keep up with rising consumption due to population growth and demand.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Poultry (£m at Retail Selling Price)	£3,796	£4,032	£4,419	£4,591	£4,663	£4,845	£4,985	£5,110	£5,317	£5,408

The increase in poultry demand has been reflected in the turnover growth of Salisbury Poultry.

- 5.3 Poultry increasingly offers consumers value for money, serving as a cheap source of a number of essential vitamins provided by meat which are required for a balanced and healthy diet. Considering that price remains the number one consideration for Britons in their product choice, this is crucial, explaining the sector's sustained high demand as consumers appreciate its consistent and relative low pricing, versatility and essential health credentials.

Planning Applications in the locality that relate to Agricultural buildings since Maelor applied for the poultry processing facility

9/06/2017	Halton Farm Court Lane Halton Wrexham Chirk	Erection Of Agricultural Livestock Building And Associated Works
14/06/2017	Existing Agricultural Building Land At Iscoyd Whitchurch Wrexham	Application For Prior Notification Of Proposed Agricultural Building Extension
08/06/2017	Diamond House Farm Bowling Bank Wrexham	Demolition Of Existing Livestock Building, Extension To Existing Portal Framed Building To Provide New

		Parlour, Collection Yard And General Purpose Storage And Livestock Housing
09/06/2017	Land North Of Higher Lanes Higher Wych Malpas Wrexham	Erection Of New Steel Portal Framed Livestock And Fodder Building On Agricultural Land
20/03/2017	Badgerbank Barn Cloy Lane Overton Wrexham	Erection Of Steel Portal Framed Building For Livestock Housing And Storage Of Machinery And Fodder With All Associated Works
09/03/2017	Old Hall Farm Erbistock Wrexham	Erection Of 2 No. Steel Portal Framed Buildings For Housing Livestock And Hay And Straw Shelter)
06/02/2017	Wyen Wenn Farm Tarts Hill Hanmer Wrexham	Erection Of Livestock Shed
21/12/2016	Pant Farm Cottage Pant Farm Pant Road Glyn Ceiriog Wrexham	Construction Of New Agricultural Access And Stone Driveway (Machinery And Field Access) And Erection Of 2 No Timber Buildings For Animal Housing And Feed Barn (In Retrospect)
21/12/2016	Berthengron Farm Plas Noble Sontley Wrexham	Erection Of Agricultural Steel Portal Framed Building
28/10/2016	Land North Of Higher Lanes Higher Wych Malpas Wrexham	Erection Of New Steel Portal Frame Livestock And Fodder Buildings On Agricultural Land And Construction Of New Access
28/06/2016	Adjacent To Rackery Cottage Land Off Rackery Lane Llay Wrexham	Construction Of 6 Turkey Rearing Sheds, Utility Buildings, Associated Access Roads, Fencing, Landscaping And Drainage Works
13/06/2016	Land North Of Cross Lanes Roundabout Between Sesswick Way And Bedwell Road Cross Lanes Wrexham	Erection Of Two Broiler Chicken Rearing Buildings (Each Measuring 101.019M X 23.365M) Housing Up To 40,000 Chickens Each, To Be Served By 4 Feed Bins And A Wood Chip Bin. Erection Of Associated Control Rooms, Feed Weighing Rooms And Mess Facilities,
0/03/2015	Onnen Fawr Farm Hall Lane Rhosllanerchrugog Wrexham	Erection Of Agricultural Building For Livestock (11M Wide, 18.3M Long And 5.5M High To Ridge)
15/06/2015	Penrhos Farm Penrhos Brymbo Wrexham	Erection Of Agricultural Building For Livestock 18.28M Long X 12.19M Wide And 4.7M High To Eaves
24/08/2015	Fields Farm Fields Lane Willington Malpas	Erection Of Agricultural Buildings (Buildings B, C And D) (Partly In Retrospect)

6.0 Conclusion

6.1 Maelor are needing to remove the current restriction placed upon the number of birds that can be processed per week (400,000), with the expectation being that circa 1 million birds need to be processed each week. The primary reasons for this include:

- The number of birds being cut by SPL has increased significantly from the initial planning application from 350,000 birds cut per week to 700,000 birds being cut per week. This means that the increase of slaughtering licence there will already be a customer for circa. 700,000 birds.
- SPL has increased turnover from £67m (when the initial planning application was made) to £102m (year ended 31 December 2016) and in the current period this is already significantly higher (30% year on year) and we expect by the end of the financial year ending 31 December 2017 this to be circa £120m.
- SPL number of employees has increased from 367 (when the initial planning application was made) to 550 (year ended 31 December 2017).
- The market demand by consumers for poultry has increased significantly year on year. Poultry increasingly offers consumers value for money, serving as a source of a number of essential vitamins and high in protein provided by meat which are required for a balanced and healthy diet. Considering that price remains the number one consideration for Britons in their product choice, this is crucial, explaining the sector's sustained high demand as consumers appreciate its consistent and relative low pricing, versatility and essential health credentials.
- The spend for the project has increased from £10 million to £20 million this has meant that the return on investment will not be met by the current licence of 400,000 birds slaughtered per week. In order for the Company to make a return on this size investment it will need to be slaughtering in the region of 1 million birds per week. The equipment the Company have invested in is able to cope with the 1 million birds per week with no additional cost.
- The impact of Brexit has affected the exchange rate and this has impacted on costs and added an additional 10%.
- Maelor is installing a water recycling plant as part of the long term sustainability plan, with the intention of re-using at least 40% of the water used.
- Maelor have invested in the Marel Stork system and this will give energy savings of 47% and water savings of 47%. The Company have also invested in the latest energy and carbon friendly efficient chillers and refrigeration and this will give a circa 30% saving on energy consumption.
- Maelor have bought the most energy efficient water treatment plant and a by-product of this will be sludge that may be supplied to fertilise local agricultural land. There will be minimum wastage in poultry because all elements from the blood to the feathers to the feet etc will be sold. For example the feet will be exported to China.

-
- The suppliers of live birds will be from local farmers ensuring that the birds only travel short distances from the farm to the slaughtering facility ensuring minimum stress is placed on the birds. This will also ensure that the local economy is growing.
 - Carbon footprint will be reduced by looking at supply of birds from local farmers. This will reduce the carbon footprint by reducing transportation distance of the supply of live birds from local farmers. Maelor will also look at the opportunity to back filling vehicles where possible from dropping off at Salisbury Poultry and using the same vehicles to deliver products to customers that are closer to the route back to Maelor wherever possible.
 - The site will have the latest state of the art facility and once all the accreditations have been sought and approved this will open new opportunities especially in the Retail Sector. Maelor are already being approached with opportunities this will ensure sustainability of the plant. However, the current planning restriction of 400,000 birds per week will not allow us to grow and take all the opportunities especially in retail.



