

22 April 2008

The Food Discussion
Room 256, Pentland House
47 Robb's Loan
Edinburgh
EH14 1TY

Developing a National Food Policy for Scotland

General Comments

The Scottish Food and Drink Federation (SFDF) welcomes the Scottish Government's instigation of this national discussion and the outcomes based approach it is pursuing in relation to its five strategic objectives – a healthier, wealthier and fairer, smarter, safer and stronger and greener Scotland.

This new pan-government approach has the potential to deliver a more joined up / holistic approach to policy and strategy and a consequential improvement in the consistency of messages coming from government and its agencies. It is also more likely to generate results that are enduring and sustainable. In this context, we welcome the establishment of the Government's Food Industry Unit which can help to reinforce this joined up approach.

As a founding member of Scotland Food and Drink, the Scottish Food and Drink Federation also recognises the importance of industry being prepared to ensure an end to silo working and move towards improved co-ordination and working in partnership along the supply chain.

In our view, the national discussion is timely and demonstrates the Government's continued recognition of the food and drink sector's strategic importance and priority status in terms of its contribution to the Scottish economy. However, the food and drink sector also needs to be seen and heard alongside Scotland's other priority industries, such as energy, life sciences and financial services.

SFDF is of the view that the success of a national policy will be dependent on adopting a long term perspective and preparedness on the part of Government and its agencies to concentrate their efforts on establishing a framework that will enable industry to grow.

Furthermore, given the industry's strategy for growth relates to food **and** drink, SFDF recommends broadening the remit of the national policy to include drink, not least because it will hopefully bring renewed focus to Government's support and assistance to the industry.

Given many sectors of the food and drink industry in Scotland embody world-leading standards in quality, manufacturing and processing, the national discussion must be seized upon as an opportunity to celebrate success and used as a platform from which to promote that reputation for excellence, quality and innovation to a wider audience. Not only does this play an important role in securing new business, but it is also important in terms of attracting new talent to work in the industry.

The discussion process we are all currently engaged in also affords us an opportunity to take stock; reflect on what we do well that can be built upon; and consider what does not work so well that needs to be addressed if we are to rise to economic, social and environmental challenges and achieve sustained growth and success in the future.

However, above all, the national discussion represents an excellent opportunity for the range of stakeholders to contribute to the process of developing a shared vision on the future of food in Scotland. By embarking on a process that will enable us to scope and define that shared vision we can begin work towards outcomes that are, by virtue of the widespread support they command, more likely to be enduring and sustainable.

I trust our comments will be taken into consideration and look forward to the opportunity for the Scottish Food and Drink Federation to continue the dialogue with Government and others as the national policy is developed and an implementation plan drawn up.

If you require further input or would like a meeting to discuss any of the issues raised in our submission in more detail, please do not hesitate to contact me.

Yours sincerely,

Flora A McLean
Director

Developing a National Food Policy for Scotland

Changing the Context: Developing a Shared Vision

“Food is everyone’s business.... Any vision of Scotland’s future prosperity must include a well nourished population and profitable food industry.”¹

The SFDF welcomes this statement from the Scottish Government as the expression of a vision we share. In our view, **a successful food and drink manufacturing industry is a vital component of a healthy Scottish economy**, not least, because it provides employment for around 50,000 people – that is, one in five people who work in Scottish manufacturing - and generates annual sales of £7.57 billion and exports worth £3.57 billion.

Community of Interest

There can be no doubt that the food and drink manufacturing industry makes an important contribution to Scotland’s economy both as an employer and as a generator of wealth and profits. Given that fact, it ought to be possible to acknowledge that a ‘community of interest’ can exist between consumers, government and industry. By beginning a process **of agreeing what constitutes that ‘community of interest’ and defining a ‘shared vision’**, we not only open the door to better understanding each other’s perspectives, but we can also begin to address issues in a cross-cutting way and so work towards outcomes that are, by virtue of the widespread support they command, more likely to be enduring and sustainable.

In our view, the success of a national policy for Scotland depends on acknowledging that ‘community of interest’ and developing a ‘shared vision’, supported by active and ongoing dialogue between government, consumers, industry and others.

Partnership and Shared Responsibility

By recognising that we all have a stake in, and responsibility for, delivering progress on shared public policy objectives, we can seek to establish a **virtuous cycle** that affords all stakeholders the opportunity of being **part of the solution** to the challenges we face. So begins a process of **encouraging and incentivising change** and of **identifying opportunities for win-win outcomes**.

Therefore, **we urge the Scottish Government to take the lead in developing an ongoing partnership involving industry, consumers and others** to promote the development of sound policy on sustainable food production and consumption that is based on social, environmental and economic dimensions.

In addition, we urge the Scottish Government to **ensure that all policies are set in an economic context so that we seek to secure improvements and progress without damage to the underlying competitiveness of business**.

The SFDF is committed to playing its part alongside government, educators, consumers and the rest of the food chain.

¹ Scottish Government – ‘Choosing the Right Ingredients: The Future for Food in Scotland’ (Page 2)

A Wealthier and Fairer Scotland: Laying the Foundation Stones

SFDF believes that economic development and business growth should be a key priority for the Scottish Government, not least because the wealth it generates enables government to fund other priorities. Therefore, in our view, **it is the role of government and its agencies to establish a framework that enables business growth.**

This means that **the Scottish Government must ensure the physical infrastructure it puts in place facilitates growth (and does not constrain it); the education system fosters an entrepreneurial and enterprising culture; and that there is an adequate supply of appropriately qualified people to match the workforce needs of business.** These are the foundation stones on which business growth can be built and sustained.

With this in mind, **we would welcome a review of the range of publicly funded programmes, projects and initiatives** available to support industry in order to determine if greater impact and benefit might be secured by streamlining and refocusing the application of those funds. Taking into account the difficulty many businesses encounter in seeking to identify what assistance and support is available to them, an approach that is more streamlined and joined up across government and its agencies could prove beneficial in terms of making it easier for companies to access such assistance.

Support for Innovation

Innovation is one of the key drivers of workplace productivity and economic growth. Investment in innovation in its broadest sense (including research and development, capital investment and other areas) is always a challenge for companies. However, in terms of nurturing and supporting innovation, there are obvious **benefits to be derived from enabling the development of stronger collaborative relationships between industry, academia and researchers.**

Therefore, we endorse Scotland Food and Drink's plans to put in place Scottish academic centres for Innovation and Value Network Initiatives. We urge the Scottish Government to support this work too.

We are also of the view that there is a strong case for improving publicly funded support for innovation and research, especially given the expectation of seeing a return on that investment through economic growth, improved productivity and increased or secured employment. Therefore, **we would encourage the Scottish Government to consider how it can better support innovation through funding.**

Policy and Regulation in an Economic Context

Against a backdrop of increasing raw material costs and competition from low cost economies, the ability of our industry to be agile and innovative is critical if it is to be both sustainable and successful in the long-term.

Therefore, **it is essential that government ensures its policies and legislation are all set in an economic context in order to secure progress and improvements are secured without damage to the underlying competitiveness of business.**

However, the fact that our food and drink industry continues to face considerable regulatory burden, adds significantly to its cost base and affects its ability to compete successfully in domestic and international markets. Indeed, **the fact that regulation remains one of the biggest perceived threats to the competitiveness of our industry needs to be better understood across Government** – in the Scottish, UK and EU contexts.

Therefore, SFDF urges the Scottish Government to:

- Establish an effective early warning system regarding the likely impact of legislation
- Ensure that thorough Regulatory Impact Assessments are undertaken when options for implementing regulations are being considered
- Ensure any legislation is reasonable and proportionate
- Ensure the automatic review of all new regulations affecting business after five years.

The Right Ingredients: People and Skills

A highly-skilled and innovative workforce is essential if Scotland is to continue to be regarded as a world class food and drink manufacturing country and if we are to be able to drive success into the future. Therefore, the Scottish Government has a crucial role to play in **establishing an educational framework that will ensure an adequate supply of appropriately skilled people to match the workforce needs of business.**

Whilst we welcome the Scottish Government's skills strategy and are heartened by recent announcements regarding flexible learning, workplace learning, etc, it will take some time to see the impact of the changes. Furthermore, we are disappointed that support in adult Modern Apprenticeships is to be refocused on construction and engineering related sectors only, leaving one of Scotland's priority industries – food and drink – out of the equation. **We would urge the Scottish Government and Skills Development Scotland to think again regarding support for adult MAs in the food and drink sector.**

The reality is that, in common with other priority industries, the food and drink sector has well documented skills gaps and labour shortages, particularly in the fields of technology, engineering and food science. Not only does this threaten to constrain growth, but it also impacts on industry's ability to be innovative in relation to new product development, product reformulation (to reduce fat, salt and sugar levels) and packaging innovations (to reduce waste). Therefore, **urgent action needs to be taken to plug these gaps and unleash the industry's untapped potential.**

Developing Skills

Developing the skills of the current workforce is central to maintaining competitiveness, raising productivity and adding value through new product development and product reformulation. It will help companies grow through innovation, increased flexibility and enabling them to make the most of new technology.

For this reason, SFDF fully supports the work of Improve Ltd and the University of Abertay in seeking to establish a Scottish Skills Academy as a single gateway for high quality training provision that is designed to meet the needs of the food and drink industry. We urge the Scottish Government to support this initiative too.

A Career Destination of Choice

At the same time as developing the existing workforce, there is **a need to attract new, talented individuals to the sector.**

However, if we are to succeed in turning **the food and drink industry into ‘a career destination of choice’, there is a job of work to be done to change people’s perception of the industry, to foster a culture of pride in it and to raise awareness of the rewarding career opportunities it offers.** The sector offers a range of rewarding careers from scientist and engineers, to food technologists, skilled craftspeople and managers.

Therefore, we endorse Scotland Food and Drink’s contribution in seeking to promote Scotland’s reputation through the ‘Land of Food and Drink’ device. However, there is also an important role for the Scottish Government to play in raising awareness of the industry as a career destination of choice through Skills Development Scotland, the Scottish Funding Council and the Enterprise network. Indeed, **the process of developing a national food [and drink] policy could be used as a vehicle to enhance the industry’s reputation and attract talent to the industry.**

Securing a Sustainable Future: Industry’s Environmental Ambitions

As the largest manufacturing sector in Scotland, the food and drink manufacturing industry considers being ‘greener’ a necessity. **Not only do we regard minimising any negative impact of our activities on the environment as a responsibility, but we view minimising waste and improving resource efficiency as an economic driver too.**

Therefore, as a responsible industry, in October 2007 FDF made a firm, collective, commitment to make a significant contribution to improving the environment by targeting priorities where we, as a sector, can make the biggest difference. In summary, working collectively, **our Five-fold Environmental Ambition is to:**

- Achieve a 20% absolute reduction in CO₂ emissions by 2010 compared to 1990 and to show leadership nationally and internationally by aspiring to a 30% reduction by 2020
- Send zero food and packaging waste to landfill from 2015
- Make a significant contribution to WRAP’s work to achieve an absolute reduction in the level of packaging reaching households by 2010 compared to 2005.
- Achieve significant reductions in water use and contribute to an industry-wide absolute target to reduce water use by 20% by 2020 compared to 2007
- Embed environmental standards in our transport practices, including our contracts with hauliers as they fall for renewal, to achieve fewer and friendlier food transport miles.

However, in our view, **there is a strong imperative to ‘strike the right balance’ between economic, environmental and social factors.** By setting environmental policies in an economic context, we can ensure environmental improvements are secured without damage to the underlying competitiveness of business.

Therefore, **we urge the Scottish Government** to recognise the strong links that exist between investment in infrastructure, the business growth rate and sustainable development and **take steps to ensure the physical infrastructure in Scotland is capable of enabling and promoting this dual objective of achieving business growth in a sustainable way.**

Securing a Sustainable Future: The Role of Government

Whilst the discussion document, *'Choosing the Right Ingredients'*, does not specifically refer to the role of infrastructure in food policy, a robust and enabling infrastructure is a key ingredient in delivering many of the Government's five strategic themes. **It is self evident that poor infrastructure is a major impediment to economic growth, and to how industry and consumers manage their environmental obligations in terms of reducing waste, energy efficiency and cutting emissions.**

Therefore, for some time we have advocated a more strategic approach to major infrastructure projects, and so **we applaud the Scottish Government for its *Infrastructure Investment Plan* and the national perspective it is taking in relation to major infrastructure projects, strategic priorities for Scotland and key industries, such as food and drink.**

Waste

Whilst the Cabinet Secretary for Finance and Sustainability said the *Infrastructure Investment Plan* will "...allow us to take forward our priorities on climate change....", **the absence of a national dimension in terms of commercial waste treatment, recycling and disposal infrastructure is an important omission that needs to be addressed urgently if it is not to become a constraining factor getting in the way of industry's ambitions to minimise further its environmental impact by diverting waste away from landfill.**

The lack of affordable recycling facilities around Scotland currently leaves many companies with no option but to send waste to landfill. This cost is bad for business and unnecessary waste is bad news for Scotland's environment. This is a particular problem for SMEs who generate smaller quantities of waste. As the rules stand, SEPA classifies joint collection schemes as 'collection centres'. However, **allowing SMEs to cooperate in the joint collection of waste** could make waste collection more economical and assist SMEs in not only cutting their own costs, but also in making a greater contribution to our shared ambition of reducing the amount of waste they sent to landfill. **We recommend that the Scottish Government considers how best to introduce some flexibility into the waste management system and so enable companies to pursue practical, common sense solutions.**

In addition, **we urge the Scottish Government to utilise information about current waste infrastructure provision – for business as well as domestic waste - to paint a national picture that identifies any gaps, in order to encourage local authorities to work together to deliver shared infrastructure projects or to stimulate private sector interest in plugging such gaps.**

Furthermore, **we urge the Scottish Government to commit to increased and ongoing investment to assist businesses develop innovative practices in technology and in workplaces to reduce waste and improve resource efficiency.**

Transport

Scotland's food and drink industry enjoys a worldwide reputation for high quality produce, many of which have a limited shelf life. Given Scotland's relative distance from its major markets, an efficient, reliable and integrated transport system is essential to sector growth.

Therefore, the Government's commitment to promoting economic growth by investing in a range of major transport and infrastructure projects is welcomed.

However, bearing in mind our ambition to move towards friendlier food transport miles, **we urge the Scottish Government to commit further investment in not only the Freight Facilities Grant, but also further development of the deep water ports at Greenock and Grangemouth, including feeder services will be required if a modal shift from road to rail and water is to be achieved.**

A Healthier Scotland: A “Whole Lifestyle Approach”

We subscribe to the view that a healthier, wealthier, safer and smarter Scotland will result from a highly-skilled and innovative food industry that is fully engaged with well informed consumers that know what a healthy lifestyle is, where their food comes from, have the skills to cook it, and that understand the wider health, environmental, social and economic dimensions of the choices they make.

Industry Role

As an industry, we recognise we have a responsibility to help consumers understand more about the food they eat and a role to play in helping to promote a healthy lifestyle. SFDF is committed to playing its part, alongside government, educators, consumers and the rest of the food chain, in helping to improve the nation's health.

Indeed, the publication in 2004 of our FDF Food and Health Manifesto highlighted our commitment to providing more informative labelling (e.g. nutrition labelling, Guideline Daily Amounts panel on pack) and continuing to reformulate products to reduce levels of fat, salt and sugar where technologically possible, safe and acceptable to consumers. Since then, considerable progress has been delivered. However, **there is a need for the Scottish Government to provide support in the form of technical guidance and assistance to SMEs wanting to reformulate products.**

Shared Responsibility

However, **diet is not the only determinant of health and wellbeing.** Physical activity and environmental and social factors play an important role too - and so **SFDF has consistently advocated that a ‘whole diet, whole lifestyle’ approach** in seeking to improve public health. A more holistic approach is likely to deliver better policy and better outcomes.

For this reason, we commend the recent changes in the way work has been organised within the Scottish Government's Directorates to ensure a greater link up between the various determinants of health and wellbeing, however, building and sustaining partnerships across the range of stakeholder groups beyond Government is essential too.

Therefore, **we urge the Scottish Government to establish a forum – involving representatives of consumer, health, education and industry bodies – to pursue a cross-cutting approach to health and wellbeing (bearing in mind wider social and economic dimensions) and to enable the discussion and agreement of a shared vision and action plan.** The purpose would be to secure wide support for shared objectives and so drive action and deliver outcomes that are more likely to be enduring and sustainable as a result.

By recognising that we all have a stake in, and responsibility for, delivering progress on shared public policy objectives, we can seek to **establish a virtuous cycle that affords all stakeholders the opportunity of being ‘part of the solution’**. So begins a process of encouraging and incentivising change and of identifying opportunities for win-win outcomes.

In our view, **encouraging and incentivising change within industry (for instance, providing technical advice to SMEs re product reformulation) and encouraging and motivating changes in consumer behaviour to bring about demand led change in industry is a more productive way forward as it creates a win-win scenario for all stakeholders.**

Encourage and Enable Change

We are also of the view that it is important for Government not just to promote the concept of a healthy lifestyle, but also to **facilitate more active lifestyles through changes to the built environment** (more cycle lanes, well lit public spaces for recreation, evening and weekend access for community groups to school facilities) and so **enable people of all ages to get involve in no cost or low physical activity**; more PE in schools; **ensure the life skills children learn in school enable them to make informed choices in adulthood** (life skills such as nutrition, how to construct a balanced diet, physical activity, how to cook etc).

When it comes to public education on healthy lifestyles, our view is that consumer messages are more likely to be effective in influencing change if **a few simple, clear messages** are delivered consistently. In addition, taking **an approach that celebrates food in all its forms rather than turning food into fuel or medicine is more likely to inspire change** by encouraging people to enjoy and think about what they are eating. Scotland Food and Drink’s ‘Land of Food and Drink’ device could play a part in this context.

Also, there remains considerable potential to **get the healthy lifestyle message to a wider audience through employers and healthy workplace initiatives**. Not only do such initiatives benefit employers through reduced absenteeism and improved retention, but they provide significant benefits to individuals in workplaces that implement them.

The food and drink manufacturing industry’s pledge to establish workplace wellbeing schemes was one of the commitments made in FDF’s Food and Health Manifesto, published in 2004. Our members believe that the industry can act as an exemplar when it came to promoting healthy lifestyles. Therefore, in June 2007, FDF published a report highlighting the schemes introduced by 10 leading companies which between them employ more than 40,000 people in the UK.

In Scotland, the Scottish Centre for Healthy Working Lives has done excellent work in this area and might usefully be encouraged to work closely with the food and drink sector in ensuring the assistance it can provide employers with in setting up their own workplace wellbeing schemes is proactively promoted to enterprises in the sector.

Final Comments

There can be no doubt that the food and drink manufacturing industry makes an important contribution to Scotland's economy both as an employer and as a generator of wealth and profits.

Therefore, we welcome this opportunity to raise awareness of this priority industry's contribution to our economy, and to contribute to the process of **defining a 'shared vision'** for food and drink in Scotland.

By seeking to establish ongoing dialogue between government, consumers and industry, we can encourage all stakeholders to take **responsibility for being part of the solution** in terms of delivering progress on shared public policy objectives. So begins a process of **encouraging and incentivising change** and of identifying opportunities for **win-win outcomes**.

Furthermore, the process of developing a national policy allows us to take a fresh look at public policy to **ensure we 'strike the right balance' between economic, social and environmental factors**. By setting public policy in an economic context, we can ensure that we secure improvements and progress – whether it is in relation to public health, environmental impact or skills - without damaging the underlying competitiveness of industry.

The Food and Drink Manufacturing Industry

The Scottish Food and Drink Federation (SFDF) represents the food and drink manufacturing industry in Scotland. The food and drink manufacturing industry in Scotland has a gross output of around £6.5bn and accounts for circa £2.5bn of total UK exports and 11.8% of the UK sector workforce.

SFDF is a devolved division of the Food and Drink Federation (FDF), the voice of the UK food and drink manufacturing industry.

As the largest manufacturing sector in the UK, food and drink manufacturers employ over 500,000 people and have a combined annual turnover of £70bn. UK food and drink exports in 2005 were almost £10bn.

The following Associations are members of the Food and Drink Federation:

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| ABIM | Association of Bakery Ingredient Manufacturers |
| ACFM | Association of Cereal Food Manufacturers |
| BCA | British Coffee Association |
| BCCCA | Biscuit, Cake, Chocolate and Confectionery Association |
| BOBMA | British Oats and Barley Millers Association |
| BSIA | British Starch Industry Association |
| CIMA | Cereal Ingredient Manufacturers' Association |
| EMMA | European Malt Product Manufacturers' Association |
| FA | Food Association |
| FOB | Federation of Bakers |
| FPA | Food Processors' Association |
| GPA | General Products Association |
| IDFA | Infant and Dietetic Foods Association |
| MSA | Margarine and Spreads Association |
| NACM | National Association of Cider Makers |
| SB | Sugar Bureau |
| SIBA | Society of Independent Brewers |
| SMA | Salt Manufacturers' Association |
| SNACMA | Snack, Nut and Crisp Manufacturers' Association |
| SPA | Soya Protein Association |
| SSA | Seasoning and Spice Association |
| UKAMBY | UK Association of Manufacturers of Bakers' Yeast |
| UKTA | UK Tea Association |

Within FDF there are the following sector organisations:

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| FF | Frozen Food Group |
| LDT | Lifestyle and Dietary Trends Group |
| MG | Meat Group |
| ORG | Organic Food and Drink Manufacturers' Group |
| SG | Seafood Group |
| VEG | Vegetarian and Meat Free Industry Group |
| YOG | Yoghurt and Chilled Dessert |