

# Processing and policy

The challenges for Scotland

David Thomson, CEO, FDF Scotland



@David\_FDFScot

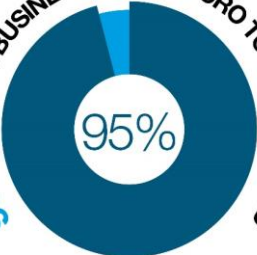
# Food and drink manufacturing in Scotland

WE EMPLOY AROUND  
**45,000** PEOPLE  
  
**25%** OF THE SCOTTISH  
MANUFACTURING  
WORKFORCE

WE WILL NEED  
**19,000 NEW RECRUIT**  
BY 2024  
  
TO MEET THE  
SKILLS NEEDS  
OF THE SECTOR


WE HAVE **1,015**  
BUSINESSES  


IN 2017  
FOOD  
& DRINK  
EXPORTS  
FROM  
SCOTLAND...  
  
...HAVE  
INCREASED  
BY **11%**  
TO **£6bn**

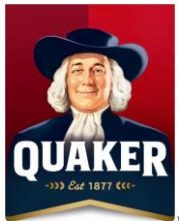
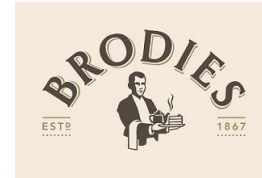
**95%** OF OUR BUSINESSES ARE MICRO TO MEDIUM-SIZED  


MANUFACTURING MAKES UP  
**73%** OF SCOTLAND'S FOOD AND  
DRINK SUPPLY CHAIN TURNOVER  
  
AND **39%** OF THE NUMBER  
OF PEOPLE IT EMPLOYS

OUR GROSS VALUE  
ADDED TO THE  
ECONOMY IS **£3.8bn**  
  
**29.7%**  
OF SCOTTISH  
MANUFACTURING  
VALUE ADDED

WE ARE  
SCOTLAND'S  
LARGEST  
MANUFACTURING  
SECTOR  
  
ACCOUNTING  
FOR **30%**  
OF TOTAL  
MANUFACTURING  
TURNOVER

# Our members in Scotland...



# A quick tour

- ✓ Our ambitions in Scotland
- ✓ Policy challenges in Scotland related to food definitions

# Our ambitions



“As an industry, we have identified an opportunity to more than double the size of our sector to £30 billion by 2030, making it Scotland’s most valuable industry.”

James Withers, Scotland Food & Drink





**£14.3bn**

RECORD FOOD AND  
DRINK INDUSTRY TURNOVER



SCOTTISH FOOD AND DRINK  
MANUFACTURING GROWTH RATE  
TWICE UK AVERAGE

# Our ambitions - Scotland



Ambition 2030 sets out:

- Turnover of £30bn by 2030
- Responsible, profitable industry
- Fairness in supply chains
- Enhanced exporting
- Innovation as key to growth



# What this means

- **Supply chain collaboration**

(NFUS and SAOS, with Scot Gov)

Great examples of first level collaboration –  
Mackies at Taypack, Craft Brewers and Distillers  
– now looking at what next?

- **Skills and talent**

(QMS and Skills Development Scotland)

Training available through range of providers,  
FDF Scotland's 'A future in food campaign', huge  
support for apprenticeships from Foundation to  
graduate

- **Innovation**

(FDF Scotland and Scottish Enterprise)

'Make innovation happen service' launched and  
available to all food businesses in Scotland,  
along with pots of funding for collaboration.  
Interface links business and academia.  
Reformulation advice. Next step – Next top 50  
innovators.

- **Market development – UK and international**

(SDI, HIE, SE, Scotland Food & Drink)

Hugely successful export plan working for several  
years, UK market development plan about to  
launch. Showcasing Scotland event in Gleneagles  
later this year.

# Challenges



# Coming into real challenges

- Continuing growth in an unstable political and economic environment
- Government action on obesity
- Concern about packaging and plastics
- Reducing workforce availability and skills, higher wages
- Consumer preferences
- *What does profitable growth mean for the whole supply chain in Scotland?*
- *How do we collaborate more effectively and see markets outside of Scotland as our main opportunity?*
- *Is provenance important to consumers, and if so how do we prove it?*
- *If we believe that Scotland produces healthy and environmentally sustainable food what are we doing to ensure this?*
- *How do we recruit, retain and treat our people?*

# Ultra-processed or processed food?

- NOVA classification
  - Group 1 - unprocessed or minimally processed foods
  - Group 2 – processed culinary ingredients, wine
  - Group 3 – processed foods, beer
  - Group 4 – ultra-processed foods, whisky
    - *Five or more ingredients ...*
    - *Added sugar or sweetener*
    - *Health claims, attractive packaging, high profitability ...*

# Scotland's produce

Group	Type	2008 turnover (£M)	2017 turnover (£M)
1	Fishing	284	483
1	Aquaculture	211	623
2?	Dairy products	504	516
3	Process/Preserve fruit and veg	58	56
3?	Processing/Preserve meat products	992	1473
3?	Processing/ Preserve fish/seafood	1088	1790
3	Beer	669	362
4	Bakery and other farinaceous products	1011	995
4?	'Other food products'	434	651
4	Distilling	3020	3278
4	Soft drinks	399	412

# So where does Scottish policy come in?

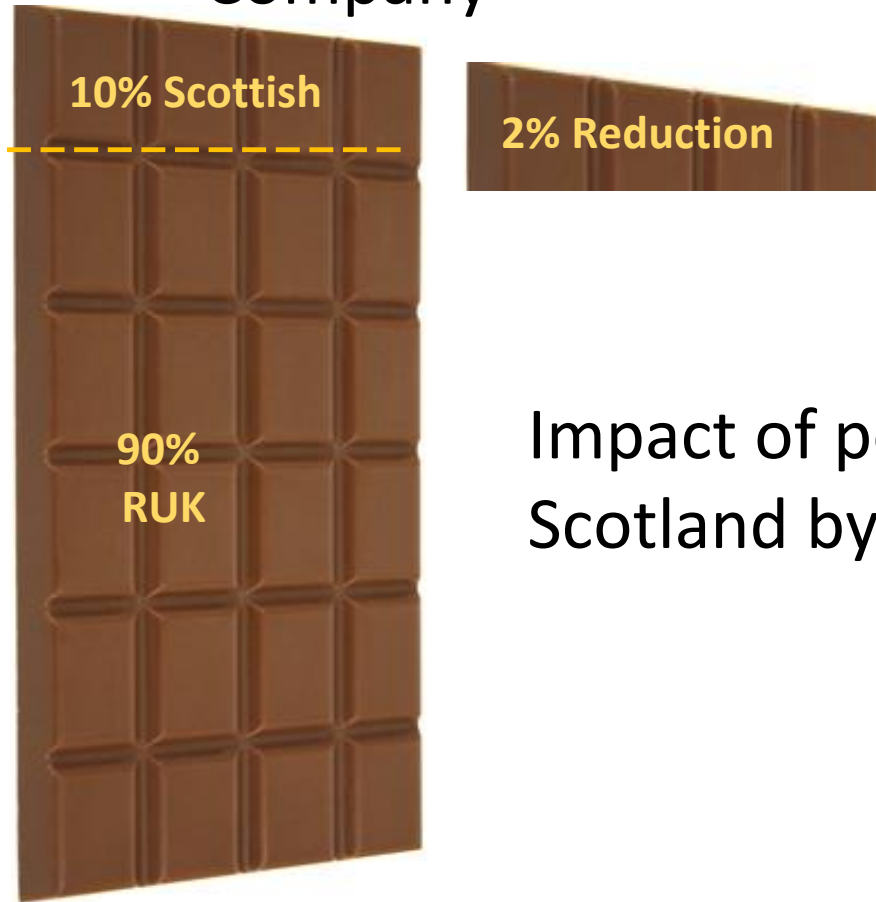
- Regulation on promotions and advertising to combat obesity
- Reformulation
- School food regulation, and public procurement in general
- A Good Food Nation?
- Government support and help ...
  
- And the consumer ...

# Obesity laws – the regulation

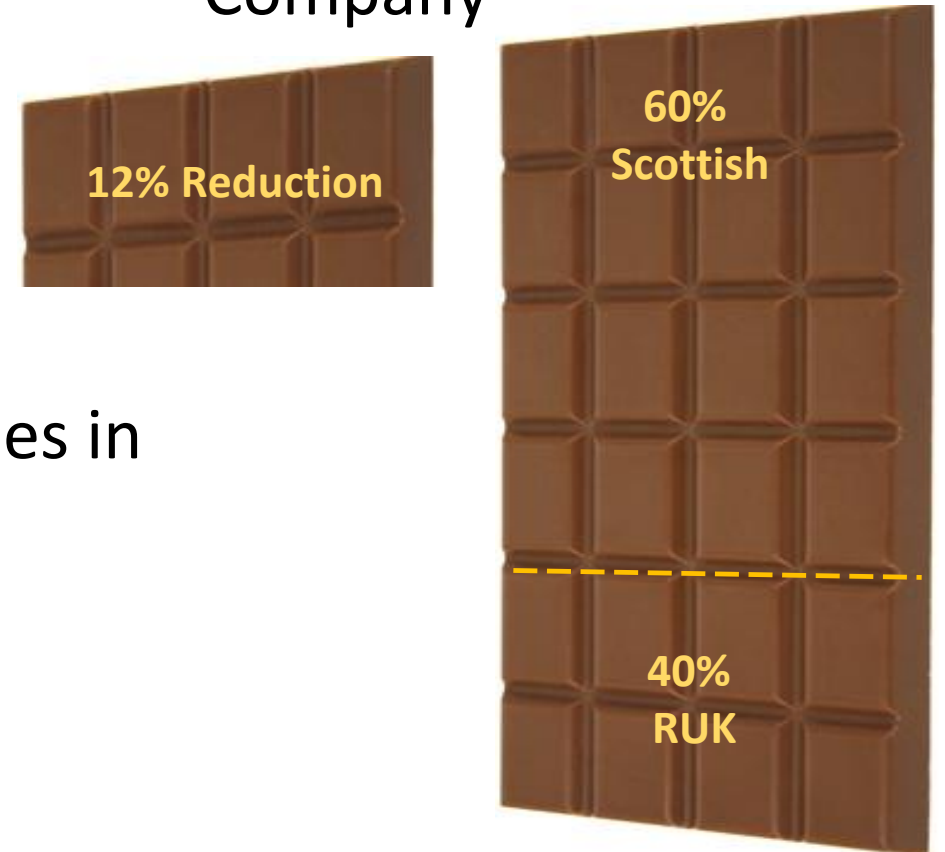
- Seeks to ban promotion and advertising of ‘discretionary foods’
- No evidence of effectiveness of these measures
- Long list of ‘discretionary foods’ – essentially those not on the Eat Well plate
- But actual definitions still to be agreed – e.g. cakes, biscuits, crisps
  - *Who decides, and on what scientific basis?*
  - *A reformulated cake is still a cake ...*

# Obesity laws - impact on Scottish brands

Typical UK  
Company



Typical Scottish  
Company



Impact of policy if it affects sales in  
Scotland by 20%



# Why are manufacturers reformulating?



**2 out of 3 people**  
are either overweight  
or obese

The Scottish Diet - it needs to change (2018 update), Food Standards Scotland, Crown Copyright.



**29%**

of children overweight  
or obese

The Scottish Diet - it needs to change (2018 update), Food Standards Scotland, Crown Copyright.

# School food regulations – procurement

- New Scottish School food regulations introduced – in general a needed update, but ...
- Fruit Juice – “removal of fruit juice and smoothies from primary and secondary schools to help reduce sugar intake”
  - *So how do we support five a day*
  - *Scottish children eating 2.9 portions per day – best since 2008. But now?*
- Nitrites – “Scotland will become the first part of the UK to set maximum limits for consumption of red processed meat over the course of the school week, which will also reduce exposure to harmful nitrites”
  - *No mention of nitrites in the consultation paper ...*
  - *Most nitrites in the diet come from vegetables rather than processed meat.*

Source for both quotes Scottish Government website 13 June 2019 <https://www.gov.scot/news/making-school-food-healthier/>

Source for portions per day Scottish Health Survey 2017 <https://www.gov.scot/publications/scottish-health-survey-2017-summary-key-findings/pages/7/>

# A Good Food Nation?

- Scotland has an ambition to be a Good Food Nation
- Scottish Food Commission's report (December 2017)
  - “There should be a **statutory duty** on all publicly funded bodies and **private food businesses** operating in Scotland that are substantially food oriented to have in place “A Good Food Nation Policy” in line with the principles and practises of the Good Food Nation, and to report on this through its normal business processes such as an Annual Report or other suitable mechanisms.”
- Proposed law (December 2018)
  - Scottish Government duty to set out a food policy
  - Other public bodies to do likewise
- But – concern from interested parties – so what next?

# Government support and help

- Climate Emergency
- Net Zero emissions
- Fair Work
- Good Food Nation - <https://www.gov.scot/publications/scottish-food-commission-final-report/>
  - “Prior to the establishment of a new public body there should be a review of Government and Government-funded activity across – SG Food and Drink, Agriculture, Health, Environment, Education, Tourism and the NHS, including funds provided to Non Departmental Public Bodies and other non-government organisations , to establish how to achieve better coordination with more from existing funding”
- Ambition 2030 – to grow, sustainably and profitably – NOVA 4 highly profitable!

# The consumer

(Source: New Nutrition Business)

3 trends

- As unadulterated as possible - materials, ingredients, surroundings
- No nasties/ artificials
- Nothing added



- *Easy to use*
- *Portable*
- *Requires little or no effort*
- *Portion controlled*



- *Tailored*
- *Customised*
- *Adapted to fit precise needs of an individual*

# Some conclusions

- Real challenges
- Need to drive evidence based policy and decision making – and a real danger that we are not winning these arguments
- We need scientists and the industry to work together to drive better solutions and better public engagement – see #FoodDrinkExplained
- Representative organisations like FDF will be even more critical in the debate
- Scotland is a hotbed of policy activity – 20 years after the birth of our Parliament
- Real ambition to grow and tackle these challenges head-on

But of course ...

... it's all about you

# Young talent see 'A Future in Food'

## WHO MAKES A CAN OF SOUP





# Contacts



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