Processing and policy
The challenges for Scotland

David Thomson, CEO, FDF Scotland

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Food and drink manufacturing in Scotland

We employ around 45,000 people, 25% of the Scottish manufacturing workforce.

We will need 19,000 new recruits 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.

Food & drink 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.

Food & drink manufacturing in Scotland

FDF Scotland
Our members in Scotland...
A quick tour

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

x2

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

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

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

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

Typical UK Company
- 10% Scottish
- 90% RUK
- 2% Reduction

Typical Scottish Company
- 60% Scottish
- 40% RUK
- 12% Reduction
Why are manufacturers reformulating?

2 out of 3 people are either overweight or obese

29% of children overweight or obese

The Scottish Diet - it needs to change (2016 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 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

  “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

NATURALNESS

CONVENIENCE

RISE OF THE 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

Corporate
Finance
Marketing
NPD
Sales
Security
Health & Safety
Customer Service
Compliance
Purchasing
Production
Legal
Supply Chain
IT
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