

SCOTLAND FOOD & DRINK

Input to 2024-25 Programme for Government

Background

Scotland's food and drink industry incorporates a diverse collaboration of thousands of individual businesses along a supply chain that collectively generates annual revenues of more than £15 billion, with exports of £8 billion and a GVA of at least £6 billion. Food and drink is Scotland's largest manufacturing sector and, with businesses employing 130,000 people, it's also our third largest employment sector. Food and drink involve everyone in every corner of the country, from towns and cities to rural and island communities. We want to help develop a Programme for Government which supports businesses in a way that aligns with a wellbeing economy, as well as helping reduce child poverty through the benefits of economic growth and employment.

We believe that the Scottish Government should play to Scotland's strengths by focusing on well-established areas of the economy which have untapped potential. Food and drink is a perfect example, but we must create the right conditions for business owners to feel they are in the right place to responsibly grow, invest, and recruit. Businesses must be enabled to reach their potential and we need a pipeline of success to help our world-class produce reach people across Scotland, the UK, and abroad. The priorities below will help achieve this.

Multiyear Funding

We recognise that the Scottish Government relies on an annual fixed budget and lacks borrowing powers. That said, wider use of multiyear funding commitments will transform efficiency and boost positive impacts and is a clear priority.

Enhanced and Targeted Investment

Additional focus and investment in the right areas will help us to deliver key objectives such as building industry capability, driving towards net zero, and exploiting market opportunities in Scotland, across the UK (especially in London) and abroad. We estimate the growth potential to be £4 billion over 5 years, but we require more capacity and resource to unlock this in full.

Suggested areas for investment include increased support for the Scotland Food & Drink Partnership's delivery work aligned to the strategic objectives set out in *Sustaining Scotland, Supplying the World*. The delivery programmes are in place and are working to build our brand, capability, and market activity so we can sell more food and drink at home and across the world. Our brand and reputation boost our ability to attract international visitors to Scotland and support the economy across multiple sectors beyond food and drink, into hospitality, culture, and sports. The return on any additional investment will therefore be significant.

Secondly, it would be extremely helpful to reinstate the Food Processing, Marketing and Cooperation (FPMC) scheme on a multiyear basis, with a value of at least £10 million per year. FPMC is hugely valued by industry and there are clear

benefits from government co-investing with businesses to deliver responsible growth where businesses lack the resource to achieve this alone. We recognise this must sit alongside appropriate support for our agricultural sector which we believe must support high-quality food production.

It would also be positive to see more work done to align existing or new public funding, whether distributed by enterprise agencies, Scottish National Investment Bank, or others, to channel all support towards agreed priorities.

Infrastructure

We need high-quality shared assets to improve efficiency, quality, and sustainability across business sectors. Strengthening weak points in our supply chains, boosting transport, renewable grid energy and processing facilities will all help drive inward investment and enable expansion for our businesses. As outlined [here](#), investment in infrastructure directly leads to higher productivity and economic growth. We recognise that not all infrastructural investment is controlled by the Scottish Government, so greater collaboration across the UK would help ensure Scotland gets what we need to succeed.

Policy and Regulatory Burden/Divergence

Creating different regulations and policies from the rest of the UK in devolved areas may be inevitable to some extent and remains of course a decision for the Scottish Government. That said, it would be positive to see greater recognition that divergence which leads to additional burdens can create trade friction within the UK, and make for a more challenging business environment, slowing growth.

One current challenge is Scotland's Fair Work First requirements for public funding. We absolutely support the aim for people to earn a fair wage. The challenge, identified through research with our members, is that businesses paying 60%+ of staff the Real Living Wage (RLW) would pay more staff the RLW if they could grow sales and/or margins, but this requires investment. It may therefore help deliver the policy outcomes if funding could be offered where a business is not yet paying all staff RLW but commits to doing so over a period.

Labour and Skills

Labour shortages and lack of the right skills remain critical issues for the industry. It is vital to work with the UK Government to secure the right level of immigration for Scotland's businesses and communities, perhaps exploring a "Scottish Visa" to reflect the unique circumstances of Scotland, and risks of depopulation.

Regarding skills, it would be helpful to see more progress on skills development, including the recommendations made in the [Wither's Review](#).

Partnership

We need continued collaboration between communities, businesses, industries, the third sector and of course government. Our approach is deliberately inclusive – we all have a role to play because we are all invested in making food and drink a success story for Scotland. Success means a strong, vibrant economy, societal wellbeing, and environmental sustainability. We will achieve success by going further and faster, driving innovation, sustainability, and responsible growth. Through the Scotland Food & Drink Partnership, which includes the Scottish Government, we can achieve all of this, provided we create the right conditions.