

Scotland Food & Drink - Input to the 2024-25 Scottish Budget

A Unique Industry

The food and drink sector represents a diverse collaboration of thousands of individual businesses who collectively generate an annual revenue of more than £15 billion (GVA of £5.4 billion, exports of £8 billion), employ around 130,000 people (the 3rd largest employment sector), and whose activities influence and benefit every corner of Scotland including our remote, rural and island communities.

Links to Landscape and Culture

Food and drink businesses are deeply intertwined with our landscape, cultural identity, and heritage. Traditional Scottish products like Scotch Whisky, Stornoway Black Pudding, Arbroath Smokies and many more, are not commodities but symbols of our national heritage and a way of life, drawing people to travel, live and work here as well as creating demand internationally for what we produce.

Significance of Food and Drink in Daily Life

Our lives are deeply connected to the food and drink we consume, which are vital for our survival, health, and wellbeing. Our relationship with food producers goes beyond transaction; it encompasses our understanding of food production, our trust in their commitment to quality, and this shapes our choices. This connection is fundamental to our individual and community health and wellbeing.

Environmental Symbiosis

Much of Scotland's food and drink production arises from the stewardship of our natural resources. There is an intrinsic link between our natural environment and food and drink production, including our use of resources along the supply chain.

Value-Driven Growth

Our sector involves a wide range of activities from agriculture, fishing, processing, and manufacturing to serve markets of every size, in every location. Much of our growth potential lies in adding value through responsible practices and telling the story of how we do this to the world. Enhancing our brand and reputation will help drive up awareness and understanding on a global scale, as well as deepening the connection between communities in Scotland and where our food comes from.

Shared Investment for the Public Good

Public investment into food and drink is increasing worldwide as a mechanism for achieving a country's environmental, social, and economic goals. The return on investment is significant because resilience and growth in food and drink delivers across a wide spectrum of policy areas including directly contributing to Scotland's national outcomes such as Economy, Environment, Communities, International, and Fair Work and Business.

Global and Local Dynamics

Our sector has a dual focus. We operate on a truly global scale through exports and international supply chains, which requires infrastructure and logistical capability, combined with innovation and effective marketing. We also operate locally through local food production and supply into regional markets which enhances local economies, boosts tourism, supports food security, community health and wellbeing, and promotes responsible land use and resilience for smaller producers.

Our Ask – Enhanced Strategic Investment to Benefit the Industry and Scotland

In June 2023, we launched the new industry strategy, Sustaining Scotland. Supplying the World, alongside the First Minister. This kicked off an important phase of our journey and throughout this year we have made significant strides; developing and delivering across key areas through the Scotland Food & Drink Partnership to enable resilience and long-term responsible growth.

In the upcoming 2024-25 Scottish Budget, we ask the Scottish Government to increase this investment in two ways. Firstly, by increasing support to unlock the next phase of delivery work, accelerating our journey towards more local food across Scotland combined with responsible trade further afield to deliver a wide range of positive returns on that investment. Secondly, to reinstate the FPMC scheme that has been so valued by industry, to co-invest with businesses who have the potential for responsible growth but lack the resource to achieve it alone.

The opportunity is huge, but it can only be achieved if we generate sufficient momentum. This means delivering even more across key areas including Supply Chain Security; Innovation and Technology; People and Skills; Net Zero and the Environment; Access to Capital; Infrastructure and Brand and Reputation.

Each of these elements requires deeper collaboration, cooperation, and activity across the industry, and will take coordination to develop, deliver and monitor progress. Additional investment will help us to deliver key objectives, that are impossible without such support: build industry capability, drive towards net zero, and exploit market opportunities in Scotland, across the UK (especially in London).

Potential outcomes are linked to resilience, sustainability, and growth:

- ✓ Seize an estimated £4 billion market opportunity for growth within the first five years through sales domestically, across the UK (especially London) and abroad. This equates to around £800 million more in 2024/25 alone, which means we are growing faster than similar sectors elsewhere.
- ✓ Attract, recruit, and upskill a new generation of highly skilled new entrants to the sector – achieving a workforce for the future.
- ✓ Attract record levels of additional financial investment to underpin the future growth and productivity of the sector.
- ✓ Become one of the world's most environmentally sustainable food-producing nations by reducing our carbon footprint across the length of our supply chains.
- ✓ Remain the largest food and drink exporter in the UK.
- ✓ Build in greater resilience into our supply chains and key companies.

Conclusion

The Food & Drink sector, from farm to fork, is on an important journey, contributing significantly to Scotland's economy, societal well-being, and environmental protection but wanting to go further and faster by driving innovation, sustainability, and growth in harmony with Scotland's wider economic and social objectives. We look forward to further collaboration with the Scottish Government and other partners to realise our shared goals for this essential industry.