



RECOVERING FROM CORONAVIRUS AND FUELLING BREXIT PREPARATION

A joint industry and Scottish Government programme for
Scotland's farming, fishing, food and drink sector





INTRODUCTION

FOR ALL OF US IN THE FOOD AND DRINK SECTOR, 2020 HAS BEEN A YEAR LIKE NO OTHER. THE 'OLD NORMAL' EVAPORATED, BUT THE 'NEW NORMAL' REMAINS UNCLEAR.

For businesses battered by the outbreak's impact, it's a daunting time to be planning ahead. But plan we must. Few places in the world have been left untouched by the Covid-19 pandemic. Nations and their food and drink industries are each charting their road out. The speed at which we respond now, in recovering lost ground and exploring new opportunities, will be critical.

The next great disruptor, Brexit, is on the horizon. The countdown clock has continued during the pandemic. We need to adapt to a changing world around us, the challenges that came out of nowhere and those we can see on the horizon.

Like any crisis, the first focus has been an emergency response. The Scotland Food & Drink Partnership has worked hard to provide practical,

fast support to businesses of all sizes and the Scottish Government has provided welcome financial support to many businesses across the industry to help them weather the storm.





From being in response mode, we now move to rehabilitation and recovery. Scotland's farming, fishing, food and drink sector is a £15 billion industry, employing 120,000 people in communities across the whole of Scotland. We have a disproportionately large role to play in the recovery and reshaping of Scotland's economy in the aftermath of Covid-19 and as a result of Brexit.

The impact of Covid-19 has been grave though, with up to £3 billion of revenue lost to the industry in 2020. However, a smart, fast recovery is possible. It can be a recovery which goes beyond regaining lost ground and acts as a springboard to a stronger, more resilient future, with the industry making an even greater contribution to a fairer, greener Scotland.

This recovery plan amplifies and accelerates the current core work of the Scotland Food & Drink Partnership in delivering Ambition 2030. Critically though, it adds new catalyst actions to jump start and expedite the recovery.

At the heart of this plan is the ongoing, unique partnership between the public and private sector which has been central to the successful development of Scotland's food and drink industry over the last decade. This joint plan is the product of a partnership between industry bodies and the Scottish Government. Whilst the Scottish Government's future budgets remain uncertain beyond this financial year, it has made an initial commitment of £5 million to the programme this year. That is an enormously valuable statement of intent. In addition, Scotland Food & Drink and its industry partners are committed to raising up to £3 million of private sector funding to invest in the delivery programme to 2023.

This partnership approach will be central to future success, driving benefit and sustainable returns from farm gate to plate, from sea to shelf. Whilst the Plan will continually evolve to respond to emerging opportunities and challenges the Plan contains over 50 actions to aid our recovery – the next few pages set out some of the key actions we'll take.

THE PLAN IS FOCUSED ON TWO CRITICAL PILLARS:

1. Stimulating demand in key markets
2. Supporting businesses to capitalise on demand



1. STIMULATING DEMAND IN KEY MARKETS

LOCAL, SCOTTISH MARKET

The support shown by consumers towards local food and drink producers, who have been suffering from the closure of the hospitality market, has increased notably during the pandemic. There is an enhanced interest in local food that we now have an opportunity to capitalise on. The development of a local food and drink culture across Scotland carries multiple benefits and can be integral to the tourism industry’s recovery plan. Many of the businesses that successfully develop customers across the rest of the UK and internationally, have begun with a strong foundation in the local, Scottish market. We need to move quickly to capitalise on momentum, cement a strong local food culture, fuelling the recovery and strengthening Scotland’s communities.

ENGAGEMENT & IMPACT:

1000+ food and tourism businesses engaged across the activities, targeting **£70M** in additional sales.

We will:

- ✓ Develop a “buy local” consumer facing campaign across media and other outlets to drive increased sales and awareness of Scottish food and drink in Scotland.
- ✓ Deliver a deeper programme with major retailers and foodservice customers to increase listings and showcasing of Scottish products in Scottish and UK outlets, building on the good progress to date.
- ✓ Implement the next phase of ‘Support Local’ national supplier directory to increase consumer awareness and explore opportunities for ecommerce solutions to drive more sales direct to consumers.
- ✓ Facilitate a significant expansion of the Taste our Best tourism and hospitality scheme to include a further 500 businesses, advising and working with them to connect to local suppliers and and sectoral initiatives such as the Scotch Beef Club.

UK MARKET

Increasing sales of Scottish products across the whole of the UK remains a transformational growth opportunity for many food and drink suppliers. The principal customers of Scottish suppliers within Scotland, the leading supermarkets and foodservice companies, are also the vehicle for driving sales across the rest of the UK. In addition to this, there remain real opportunities for growth in the biggest cities, not least London where the high-end hospitality and tourism sector are a significant market opportunity. It is time to rapidly accelerate this work.

ENGAGEMENT & IMPACT:

300+ businesses engaged across the activities, targeting **£100M** in additional sales.

We will:

- ✓ Create new, joint posts inside buying teams of the major UK retailers and food service companies.
- ✓ Deliver a new, extensive supplier development programme with a number of major retailers and food service operators, to grow listings from Scotland to UK-wide to international markets.
- ✓ Develop and execute a new campaign in the South East of the UK to raise awareness amongst consumers, buyers, and chefs of Scottish products and brands.
- ✓ Deliver regional showcasing events across England for Scottish industry involving chefs, tastings and introductions with buyers and suppliers.



INTERNATIONAL MARKET

Much of the export trade for food and drink companies has been decimated in 2020. However, the underlying strength of Scotland's brand remains, as do the strong relationships forged by our overseas staff with customers in our key export markets. The pace of recovery work here is critical with many other competitor countries traditionally more heavily invested in export development work. This export opportunity is a strategic imperative for Scotland's farming, fishing, food and drink businesses. Every successful industry across the world has a balance of customers, at home and overseas. Export development drives growth and resilience. The EU is still the destination for two-thirds of Scottish food exports. The end of the transition period will bring disruption. Maintaining EU relationships will be key, alongside rapidly developing export opportunities elsewhere.

We will:

- ✓ Deliver a promotions and campaigns programme in partnership with major customers in international markets, including a new Label Rouge salmon marketing campaign in France.
- ✓ Build a farming and fishing international engagement programme, to support the development of new supply chain models to drive greater equity in the supply chain and profit at the farm gate.
- ✓ Facilitate inward missions of buyers to Scotland from major new customers and importers across the world.
- ✓ Support a new agricultural export specialist to identify specific export opportunities for agricultural produce.



ENGAGEMENT & IMPACT:

200+ businesses engaged across the activities, targeting **£120M** in additional sales



2. SUPPORTING BUSINESSES TO CAPITALISE ON DEMAND

DIRECT BUSINESS SUPPORT INTERVENTIONS

The recovery work and new opportunities we need to focus on in our key markets at home and abroad are clear. However, translating those opportunities into reality requires a deeper level of direct business support than ever before. We need to support business to build capability and adapt to a rapidly changing market place.

We will:

- ✓ Create a new Export Advisory Service to support and assist businesses with critical regulatory and operational export advice in the lead up to the end of the Brexit transition period.

- ✓ Establish a new Market intelligence & product development advisory service which will arm sectors and businesses with the latest consumer and market insights.
- ✓ Create a new Scottish Food Academy Programme to deliver wraparound business support for Scotland's top and fastest emerging companies and entrepreneurs, focused on product innovation, green business practices, mentoring and business planning.
- ✓ Facilitate a programme of environmental & food waste audits to reduce environmental footprints, emissions and costs, whilst developing a route map towards net zero.

ENGAGEMENT

680 businesses engaged across the activities



We will:

- ✓ Develop new farmer-focused supply chains models in new overseas and domestic markets.
- ✓ Support the establishment of new Producer Organisations to strengthen the hand of farmers in the supply chain, enhance their understanding of the market, and increase their profitability.
- ✓ Establish an ecommerce strategy, including scoping an ecommerce platform, to enable businesses to showcase and sell their products in key markets.
- ✓ Explore the creation of an overarching “brand” marque for Scottish food and drink products to help underline our environmental, safety and quality credentials of Scotland’s industry.

INDUSTRY-WIDE PROGRAMMES

Alongside the channelling of support and resource directly at individual businesses sit some critical underlying projects. These are projects which will support our mission to be the best country in the world to run a food and drink company. It will more strongly stitch our farmers into the food and drink success story, driving benefit right down to primary producers in a way that hasn't been achieved to date.

ENGAGEMENT

Majority of Scotland's **800** food and drink manufacturers engaged across the activities



CONCLUSION

As we start on the route to recovery, there are still strong tailwinds that can push us on. We are a central part of Scotland's economy; we matter. Consumers and government have recognised businesses' tireless efforts to keep the workforce safe, maintain supply chains and keep food on people's tables during lockdown. That's brought into focus the value and importance of what you do. Those involved in feeding the nation are key workers in every sense. Our existing strengths will still be valuable – even more so - in the post-pandemic world. From provenance to being leaders in responsible ways of operating, we have reason to be optimistic amidst a year of unprecedented disruption and professional and personal trauma.

This plan can stimulate demand in key markets and support businesses in capitalising on it, fuelling an agile recovery from Covid-19 and preparing for Brexit. It will be a product of Scottish Government and the industry working hand in hand; a way of working that has underpinned industry growth since 2007.

The Covid-19 crisis is not over, a second wave is possible if not likely, and the uncertainties and challenges of Brexit loom on the horizon.

This plan will have to remain flexible and agile more than ever so being collaborative in how we work will be critical. As industry bodies in Scotland, supported by the Scottish Government, we're up for that challenge and look forward to working hand in hand with our talented, resilient businesses in the sector to make it happen.

Scotland's farming, fishing, food and drink industry is central to the future of Scotland's economy and environment and reaches into all parts of our communities. That is why the Scottish Government is working to support the industry in dealing with the impact of Covid-19. There has already been remarkable resilience and innovation shown by food and drink businesses in responding to the pandemic, whether that being the finding of new routes to market themselves or in the actions they have taken to support their workforce and the communities around them. However, we now need to help drive the recovery and at the same time, prepare for – and adapt to- the great disruption and uncertainty that the end of the Brexit transition period will inevitably bring to the sector.

Our well established and truly collaborative model of Industry and the Public Sector working in partnership, through Scotland Food & Drink, has reaped so many benefits in building the industry's reputation and driving its growth and such collaborative ways of working are even more important during the tough times we are all facing at present. I therefore look forward to working with Scotland Food & Drink and partners in responding to the challenges in front of us, supporting producers to navigate them and in driving further demand for our world class produce across markets at home and overseas.



Fergus Ewing MSP
Cabinet Secretary for
Rural Economy and Tourism

BACKGROUND

The Scotland Food & Drink Partnership comprises industry trade bodies, the Scottish Government, and other public sector bodies, with the shared ambition to grow the reputation and value of the industry.

Those involved are:

