Highlands and Islands Enterprise (HIE) welcomes the opportunity to respond to the Rural Economy and Connectivity Committee’s call for views on support for the food and drink sector. We have framed our response around the key areas identified by the committee in its call for views.

1. What types of budget support does the sector need to grow its capabilities and build markets?

HIE worked intensively with partners and industry on the development of the national food and drink strategy ‘Ambition 2030’ which was launched on 23rd March 2017. Based on robust research and industry insight, this well informed strategy has an ambition to double the value of the industry to £30 billion by 2030.

Ambition 2030 clearly articulates enabling ‘pillars for growth’, and these will require investment in a mix of strategic support, to build markets and industry capabilities, and tailored bespoke ‘place based’ support, which will stimulate and support growth in individual businesses and groups across the breadth of the sector.

Beyond the national food and drink strategy, sub-sectors of the industry are starting to articulate their own visions for growth. ‘Aquaculture Growth to 2030’ sets out that industry’s vision to double the value of the sector to £3.6 billion by 2030, generating significant sustainable economic activity and social prosperity from activities across the entire breadth of the supply chain. Given the particular relevance of aquaculture to the economy and communities in the Highlands and Islands, HIE are committed to leading the enterprise agency support to this nationally important sector.

Types of Budget Support Required – Strategic

- Investment to grow the value, size and diversity of markets in the UK and overseas by creating consumer demand.
- Investment in stimulating and accelerating transformational innovation, through demand led programmes and outcome focused innovation centres.
- Investment in supply chain excellence including national and globally recognised industry accreditation schemes.
- Investment in higher and further education and in continuous professional development, to ensure the sector is an attractive career destination and that we retain a highly skilled and adaptable workforce.
- Investment in transformational infrastructure (BRC food standard premises; road, sea and air to enable access to markets; broadband, mobile and
satellite coverage to develop new business models which create production efficiencies and continue to encourage good environmental stewardship).

Types of Budget Support Required - Operational Support
- Investment in tailored business support to accelerate sustainable growth (in the rural economy).
- Investment in workforce and leadership development.
- Investment in near market innovation (focused on commercialisations of new products and services).
- Investment to mitigate negative implications of Brexit and to exploit emerging opportunities.

2. Is what is currently offered by the Scottish Government and Public bodies effective in terms of providing the support needed?

First Minister Nicola Sturgeon has announced a new £10M three year funding package for the food and drink sector which empowers industry, and specifically SFD who will be the funding conduit, to strategically lead and manage sectoral growth through a range of programmes and initiatives which are tightly aligned to Ambition 2030.

The enterprise agencies continue to have resources to invest in the most ambitious entrepreneurs and businesses. These investments are relative to individual challenges and opportunities and are highly outcome focused. This tailored approach has proven to have significant impact and good return on investment in the rural economy.

Scottish Development International continues to have dedicated resource to enable and support international growth – strategically and operational this is effective. Our focus on market growth in Scotland and the rest of United Kingdom has been limited, but during these times of political uncertainty and in the face of an obesity crisis, there is a strong argument for a more focused and resourced effort to grow our (largest) home market and improve the health of the nation.

There are imminent budget challenges in funding multi-million projects that are considered key to stimulating innovation, improving productivity and creating new growth in both rural and urban areas. This includes funding for innovation centres (e.g. Scottish Aquaculture Innovation Centre - phase 2), provision of BRC food standard premises across the breadth of the country, efficient and affordable road, sea and air links, and provision of effectual broadband, mobile and satellite coverage.
3. How can tax measures be used to help the Food and Drink sector deliver on food policy objectives?

No comment.

4. What should be the over-riding objective(s) of support?
   - Sustainably and equitably grow the value of the food and drink industry, and in doing so disperse new economic wealth and social prosperity across the breadth of the sector including the supply chain;
   - Build business ambition and capacity, including following public sector investment through to private sector return;
   - Create new demand and grow reputation in a broad range of high value domestic and international markets;
   - Create good quality employment across the breadth of the country;
   - Increase the social value of food in Scotland as a fundamental component of the nation’s health and well-being.

Highlands and Islands Enterprise
December 2017