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

The food and drink sector, which includes primary production, is very important to the Scottish Economy. It has grown dramatically over the past decade with turnover currently at about £15 bn pa. Much of this growth can be attributed to the strong underpinning credentials of clean and green, which are reinforced by clear linkages between agriculture, food and environment. It is important to maintain this position, but the aspiration set out in AMBITION 2030, Scotland Food and Drink’s strategy for the future launched this year, is to double the turnover to £30 bn by 2030. This cannot be achieved by doing more of the same. Hence innovation is key.

There are different types of innovation required, but here we focus on the innovation that can come from the research community and more specifically the Research Institute sector, which receives funding from Scottish Government to undertake a Strategic Research Programme relevant to the rural, agri-food and food and drink sectors. The Institutes involved are the Rowett Institute, University of Aberdeen, the James Hutton Institute, the Moredun Research Institute, Scotland’s Rural College (SRUC), Biomathematics and Statistics Scotland Together with the Royal Botanic Garden Edinburgh (RBGE), collectively these are known as SEFARI, which stands for Scottish Environment Food and Agriculture Research Institutes.

Currently ca. £32 million pa is invested in underpinning research through the Strategic Research Programme (SRP) via the SEFARI partners. Not all this research is for the direct benefit of agriculture and food and drink industries. Other aspects of the SRP are nonetheless of major importance to the sector and as they are vital to Scotland’s reputation as a clean, green and environmentally responsible producer. Examples of current research areas directly relevant to Food and Drink include:

- Food, health and well-being
- Crop breeding and disease control
- Animal health, welfare and disease
- Animal breeding and selection

In short, the Institutes, as members of SEFARI, and through budgetary support from Scottish Government, provide long-term underpinning research integrated across the food and drink supply chain to future proof and prepare the sector for future challenges and opportunities. From this arises new innovation, which is the foundation to grow new markets and capabilities for the future. SEFARI partners have an enviable track record in successfully levering additional investment from UK government, EU and the industry itself. This is essential to the successful translation of the underpinning research into practical applications across the whole sector resulting in an overall impact on employment and the overall economy which is significantly higher than initial SG investment.
This underpinning research is important not only to address AMBITION 2030, but also for Brexit that will create new challenges and opportunities for the industry.

There is also the Good Food Nation Bill, which will seek to address the issues of better food for all. It will require a re-balancing of what we eat to favour our health, but this has to be achieved without damaging the economic benefits of the food and drink industry. Again, research and innovation will be critical in addressing these twin goals.

So, the strategic research being undertaken by the Scottish Institutes, through funding from Scottish Government, RESAS (Rural and Environmental Science and Analytical Services Division), is an essential and important component of the budgetary support needed by the Food and Drink sector, from land through to consumption (i.e. the whole food chain).

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

The benefit and effectiveness of the funding provided by the Scottish Government to support the Strategic Research Programme 2011-2016, undertaken by the Research Institutes, has been independently assessed recently in a report by Biggar Economics. While the report is not exclusively focused on Food and Drink, it nevertheless highlights the economic benefits the research provides to the Food and Drink and Agri-Food sectors as well as to the wider economy. For example, the headline contribution of the SRP was £151.8 million GVA to the Scottish Economy in 2016.

Examples of more specific contributions and tangible impacts relevant to the Food and Drink industry are highlighted in Spotlight article from the current Strategic Research Programme.

Examples of this include:

- New understanding about the genetics of key crops such as barley, finding new traits to be exploited.
- More efficient approaches to controlling crop and animal disease – saves money and make agriculture production more efficient.
- New basis for selection for animal breeding that reduces incidents of disease; maximises yield (eg milk) saves the industry millions of pounds.
- New approaches around food reformulation beyond just fat, sugar and salt.

These research areas tackle critical issues like - how we use our natural resources more efficiently, by increasing yield as well as by reducing waste. On-going research and innovation is looking at these issues, which are pre-requisites to further growth of the sector. Similarly, the quality of the food we produce is intimately related to human health and this provides major opportunities for reformulation and the development of new products, which can be targeted towards new markets both in Scotland and abroad.
As a new mechanism to help bring the enormous benefits of the research Institute community to our stakeholders more effectively and efficiently we have developed SEFARI. This will increase the strategic alignment between the needs of industry and the research power of the Institutes.

The research capability within the Scottish Government funded Research Institutes is also an important resource in terms of expertise directly relevant to the food and drink sector, which can give advice and be involved in development projects. This was true for both the Scottish Food and Health Innovation Service (SFHIS) and Interface Food and Drink (IFD), which were initiatives that ran between 2011 and 2016. The Institutes expect to play a similar crucial role in the new Scottish Enterprise funded initiative, Make Innovation Happen.

Given the underpinning importance of Scottish Government funding for the Strategic Research Programme conducted through the Research Institutes (SEFARI), it is essential that the full range of beneficiaries is considered whenever the value of this investment is considered. Scrutiny of the Scottish Government funding for research by Institutes is currently being undertaken by the Environment Climate Change and Land Reform Parliamentary committee, whereas the interests of the Agri-Food and Food and Drink sectors are being reviewed through the Rural Economy and Connectivity Parliamentary Committee. In scrutinising these budgets, it is important that different committees take account of these cross-remit linkages.

3. How can tax measures be used to help the Food and Drink sector deliver on food policy objectives?
No Comment on this section

4. What should be the over-riding objective(s) of support?
   - Economic growth
   - Health and well-being
   - Improving environmental standards
   - Other

Economic growth is essential as without it, all other things will not follow. Health and Well-being must be a priority but without a strong and growing economy it would be difficult to deliver. Similarly improved environmental standards is a moral and desirable requirement, but this should not conflict with the first issue which is to improve economic growth as improved environmental standards.

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