

THE HIGHLAND COUNCIL
PLANNING, ENVIRONMENT AND DEVELOPMENT COMMITTEE
13 August 2008

Agenda Item	
Report No	

FOOD AND DRINK IN THE HIGHLANDS AND ISLANDS
Report by Director of Planning & Development

SUMMARY

This report highlights the importance of the food and drink sector to the Highlands and Islands. It provides information on measures supporting the strategic development of this sector. The paper also advises Members of a Local Food Conference to be hosted by the Highland Council in November 2008. The report recommends that Committee:

- (a) Approve Council membership of the Highlands and Islands Food and Drink Forum, and nominate a Member to sit on the Forum;
- (b) Consider becoming a member of Scotland Food and Drink and invite the organisation to present their role and objectives to a future meeting of the PED Committee or the Land, Environment and Sustainability Sub – Committee, and;
- (c) Consider how the Council might wish to further engage in the strategic development of the food and drink sector in the Highlands.

1. Introduction

The Highlands and Islands is renowned for its high quality food and drink products, and the industry supports significant economic activity in the area. The sector builds on the region's natural resources to produce a diverse range of food and beverage products. Markets are characterised by frequently changing consumer tastes, driven by changing lifestyles and improved consumer knowledge on issues such as healthy eating. The current importance of the sector to the Highlands and Islands economy is summarised below.

1.1 Employment

- The food and drink sector employs 7,000 people (excluding self-employed) for processing and manufacturing activities in the Highlands and Islands, the equivalent of 6,474 FTE¹.

¹ ABI 2002 pending revision (NOMIS)

1.2 Units/Businesses

- There are 301 businesses engaged in the food and drink processing sector, compared to 294 in 1999¹.
- Approximately 61% of businesses employ 1-10 employees¹.
- Almost 1/3 of the businesses are located in Moray, Badenoch and Strathspey¹.

1.3 Output

- Much of the raw material leaves the region unprocessed so the opportunity to secure “added value” is lost to Highland.
- The food and drink industry in the Highlands and Islands is estimated to generate sales in excess of £600 million per annum.
- Distilleries in the Highlands and Islands produce 229 million ltrs of alcohol, accounting for over 40% of the Scottish production. This compares to 195 million ltrs in 1999².
- GVA at basic prices is approximately £246million in the Highlands and Islands (compared to c. £284 million in 1999)³.
- This represents around £41,000 GVA per employee³.

1.4 Product Markets/Exports

- It is the Highland and Islands largest export sector by value.
- Food and drink (excluding whisky and fish) is the top exporting sector in the Highlands and Islands with export value reaching £134 million (2001) compared to £115 million in 1999⁴.
- Scotland’s top 5 export markets for food and drink (excluding whisky and fish) are; France, Spain, Italy, Germany and Ireland⁴.
- The export value of fish from the Highlands and Islands is £39 million (2001), compared to £53million in 1999. The export value of whisky is £925 million (2001), compared to £709 million in 1999⁴.
- Scotland’s 5 most valuable whisky export markets are; Spain, the USA, France, South Korea & Japan⁴.

2. **Food and Drink – at a national level**

2.1 Scotland Food & Drink was launched as a private limited company in the summer of 2007 and its primary aim is to bring everyone involved in food and drink together to work to a common and shared agenda that will deliver greater success in global markets. It is taking forward the Scottish Food and Drink Strategy and its goal is to grow the industry from £7.5 billion to £10 billion over the next decade.

2.2 Scotland Food & Drink is a unique private-public initiative. It is led by the industry, supported by Government and is challenged to work across the whole industry. The scope covers all aspects of food and drink: the drinks industry – both alcoholic and non-alcoholic, and from small farmers to large corporations.

² Source: The Economic Impact of the Production of Scotch Whisky, Gin and Vodka in Scotland 2001 (The Scotch Whisky Association)

³ Source: Scottish Annual Business Statistics: Scottish Production Database 2001 (Scottish Executive & ONS)

⁴ Survey of Highlands and Islands Manufacturing and Exports 2001/02 (Scottish Council for Development and Industry)

- 2.3 Its vision is to make Scotland internationally known as 'The Land of Food and Drink' and its mission is to place Scotland amongst the top 3 of the world's producers of premium food & drink products. These are huge ambitions and will have an impact across the entire food chain.
- 2.4 Scotland Food & Drink has a board drawn from a mixture of industry and public sector. Its role is to approve the strategy for the organisation. Highlands and Islands Enterprise is a member of the Executive Group which is the key delivery vehicle for Scotland Food & Drink. Other members of the Executive Group include QMS, NFUS, Scottish Food & Drink Federation, SAOS, SAC, Seafish, Seafood Scotland, SDI, Scottish Enterprise, Food From Britain, Improve, Scottish Salmon Producers, The Scotch Whisky Association, The Rowett, The Scottish Association of Master Bakers and Dairy UK. This group met for the first time in January and agreed to work collaboratively on the key issues that impact the whole industry.
- 2.5 Highland Council could become involved in Scotland Food and Drink, initially by subscribing as a member. It is suggested that Committee may welcome a presentation from Scotland Food and Drink at a future meeting.
- 2.6 The Scottish Government is also developing a National Food Policy which is to have 5 key themes: sustainable economic growth, food education, celebrating local food and drink, procurement and, affordability and availability of local food.

3. Food and Drink – at a Regional level

- 3.1 HIE has developed a Food, Drink and Primary Industry Strategy in partnership with the industry and plans to take this forward are under review. One of HIE's commitments under the Government's Economic Strategy is to set up an industry panel to help steer support to the sector.
- 3.2 The Highlands and Islands Food Forum was set up as part of the Scottish Food and Drink Strategy and helps give HIE industry steer on topics for focus. It is anticipated that Highland Council will shortly be asked to become a member of the H&I Food Forum.

4. Food and Drink - at a local level

- 4.1 HIE set up the Highlands and Islands Local Food Network (HILFN) and Highland Council has supported its activities through its Agricultural Initiatives/Natural Resources Budget. HILFN's primary function is to deliver advice and support to develop local supply chains. HILFN is currently undergoing a strategic review to assess options for future progression.
- 4.2 The Highland Council established an Agriculture Initiatives Budget in 2000. Its aim is to support projects that further the development of agriculture in Highland. In administering this budget the Council has focussed on a number of initiatives aimed at enabling the supply of locally grown food for local people. These include:

- A project that researched opportunities for berry-growing as a realistic diversification for crofters and farmers. Five sites were established across the Highlands growing cloudbberries, cranberries, lingonberries, blaebberries and grape kiwi.
- Support was given to Skye and Lochalsh Food Link Group that operates a collective delivery service to supply locally produced fresh produce to the community.
- Farmers Markets in the Highlands (Portree, Fort William, Inverness, Nairn, Tain, Dingwall, Grantown on Spey and Wick) have been supported, particularly through the coordination of generic promotional materials and enabling the organisers to meet to discuss issues of common interest.
- A pilot study was established with Strathpeffer Primary School, working towards Food For Life targets designed to raise awareness and appreciation of good food. The aim was to have at least 50% of food served in the school sourced locally.
- A study to investigate the steps that need to be taken to make locally grown organic food available in the Highlands; looking at the production capacity, processing requirements, potential outlets and customer demand for Highland organic food. A marketing plan was prepared to deliver the most feasible supply chains, focussing on filling gaps in supply chains and marketing locally grown organic food direct to local consumers.
- The Planting to Plate pilot gave children hands-on experience of growing food, teaching them where food comes from and how it is produced.

4.3 Highland Council is to host a Local Food Conference in the Council Chamber on 7th November 2008. It is aimed at anyone involved in making local food available in the Highlands. Its objectives are to:

- bring together those involved in production of local food and its distribution with those involved in public procurement
- promote the benefits of procuring local food and the linkages with the tourism industry
- investigate ways in which more local food can be made available in the Highland area
- provide further evidence for the Scottish Government's development of a National Food Policy.

4.4 A copy of the draft programme is attached at Appendix 1 for information. A final programme will be presented for formal approval in due course. The Council is working with the Scottish Government to finalise the programme and the Cabinet Secretary for Rural Affairs, Richard Lochhead MSP has agreed to open the conference.

5. Conclusion

- 5.1 The Government has set up an industry led body – Scotland Food and Drink - and is currently developing a National Food Policy. Highland Council has contributed to consultation linked to the developing policy.
- 5.2 The food and drink sector is important to the Highlands and Islands. There is particular scope at a regional level to:
- Develop links between producers and local buyers
 - Investigate new market entry and develop niche markets
 - Engage in product development that “adds value” to raw materials
 - Encourage networks embracing all sectors to share knowledge and intelligence.
- 5.3 Highland Council has a history of supporting local food producers and businesses and the Priorities for the Administration specifically support initiatives that enhance the availability of local produce and products. The Council is to host a conference in November aimed at bringing together those involved in the supply, distribution and procurement of local food. The Conference is also designed to feed into the developing National Food Policy
- 5.4 There is a strategic link with the Council's ongoing commitment to the agricultural sector in the Highlands. The Council continues to express concerns about the decline in sheep and cattle numbers in the region, and to suggest policies that can assist in reversing this decline. A healthy agricultural sector is required to supply local food and to justify investment in processing facilities.
- 5.5 It is timely that the Council considers how it might input at a strategic level to the development of the food and drink sector. Highland Council has been asked to join the Highlands and Islands Food Forum and the Council might also consider joining Scotland Food and Drink at a cost of £600 per annum.

6. Fit with the Administration's Priorities for Action

- 6.1 In addition to directly contributing to the Council's aim to pursue initiatives that support local produce and products, it is suggested that the Council's involvement in strategic development of the food and drink sector also contributes to achievement of the following Council priorities:
- Supporting enterprise and accelerating economic growth
 - Maximising the benefit of European funding programmes
 - Increasing the prosperity and wellbeing of people in the Highlands
 - Developing tourism and specialised sporting facilities
 - Working with partners to develop services and infrastructure that reflect the needs of Highland businesses and create employment opportunities.

7. Resource Implications

There are no additional resource implications attached to this report. Subscriptions to organisations mentioned in the report can be met from within existing budgets and the Highland Food Conference will be reported separately to the September meeting of the Committee.

RECOMMENDATION

The Committee is recommended to -

- (a) approve Council membership of the Highlands and Islands Food and Drink Forum, and nominate a Member to sit on the Forum;
- (b) consider becoming a member of Scotland Food and Drink and invite the organisation to present their role and objectives to a future meeting of the PED Committee or the Land, Environment and Sustainability Sub – Committee, and;
- (c) consider how the Council might wish to further engage in the strategic development of the food and drink sector in the Highlands.

Signature:

Designation: Director of Planning and Development

Date: 5 August 2008

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Background Papers

Scottish Government publications on Food and Drink – 2008

Highlands and Islands Food and Drink Forum – Background information

Scotland Food and Drink – Background information

LOCAL FOOD IN THE HIGHLANDS

November 7th at Highland Council, Inverness

A Conference hosted by Highland Council for those involved in making local food available in the Highlands.

OBJECTIVES

- To bring together those involved in production of local food and its distribution with those involved in public procurement.
- To promote the benefits of procuring local food and linkages with the tourism industry.
- To investigate ways in which more local food can be made available in the Highland area
- To provide further evidence for SG's development of a national Food Policy

DRAFT PROGRAMME

Opening Presentation - Showcasing food from the Highlands.

Opening remarks and introduction of SG's Food Policy : Richard Lochhead MSP, Cabinet Secretary. Where food policy is at, how this conference can feed in.

Why local food? (presentations followed by questions)

- Sustainability – joining up food policy for economic, environmental & social gain
- Diet & health
- Education – Food for Life, Planting to Plate

Using local food in the private sector (presentations followed by questions)

- Hotelier,
- Food service sector and/or local catering

Local food contributing to social enterprise

- Inverness High School

Coffee, local food samples and exhibition

Using local food in the public sector – examples of good practice

- East Ayrshire Council
- CNES/SCF – school meals trial
- Highland Council

Presentation by Fortrose Academy “5 a day” winners

Lunch – school meal(s) by HC catering team

Introduction to workshops and panel discussion

Breakout session 4 Workshops

1. public procurement
2. food service sector/tourism
3. local producers
4. distributors

Each to discuss

- issues that are barriers to the provision/supply/procurement of local food
- where they would like to be in 3 years time in providing/using local food
- what it would take to reach that vision

Feedback from workshops and panel discussion

Panel to comprise of

Horticulture producer

Distributor – fruit & veg

Livestock farmer

Meat processor

Hotelier

Local catering business

Public sector catering manager

Supply chain/co-operative manager

Summary of vision and action points

Conference close. Tea and local snacks.