

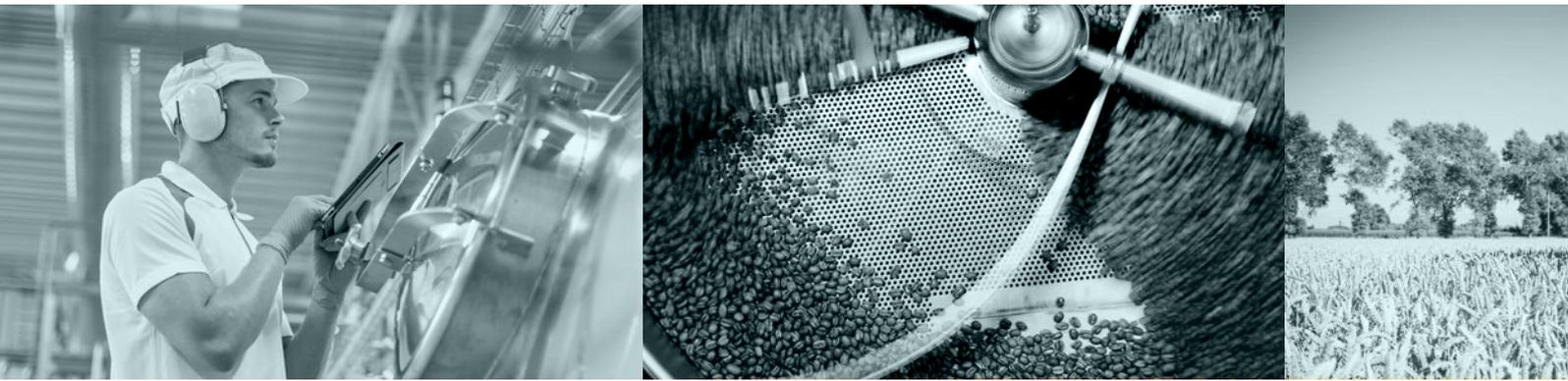
**FDSC**

The Food and Drink Sector Council



# Building a Thriving Food and Drink Sector:

A report from the FDSC  
Transition Working Group



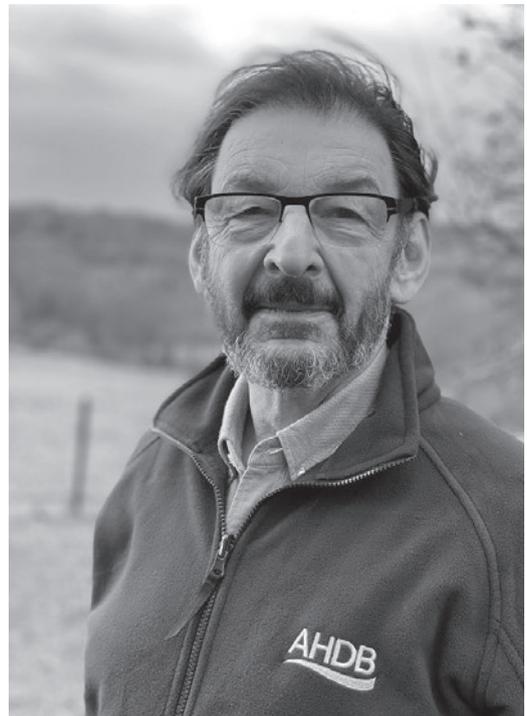
## Foreword

**There is a real opportunity for an increased synergy between Government's ambition to improve trade, upskill jobs and improve the health of the population and the UK food and drink sector's determination to reach its full potential.**

The Transition Working Group was formed to identify areas where Industry and/or Government should further their co-operative endeavour to enable the industry to thrive. The Group also identified considerable potential to understand and build on international and UK examples of excellence, including existing activities within the devolved administrations.

This report will feed into the Food and Drink Sector Council (FDSC) Food Strategy working group who will publish their report later this year. Apart from several recommendations that support and reinforce the importance of existing work streams, there is one central recommendation for an increased focus on identifying the significant opportunities for the domestic food and drink industry to replace imports.

This report was founded on a recognition that our ambitions must be based on sound evidence to efficiently prioritise actions, efficiently allocate resources, encourage investment and profitably underpin our ability to thrive against the challenge of international competition both at home and overseas.



**Nicholas Saphir**  
**Chairman, Agriculture and Horticulture Development Board**



## Executive Summary

**FDSC Transition Working Group developed its original remit to take a long-term, global, view of the sector's ability to thrive in the future. From that stance, it considered what the industry would need to optimise its potential and to identify any vulnerabilities where action should be taken now to underpin future success.**

This success would then in turn serve the industry itself and render it a more powerful partner with government to achieve wider societal goals.

Essential priorities have been identified that will underpin the growth potential, resilience, and sustainability of the sector by optimising:

- **Growth Potential** - developing trade opportunities in domestic and export markets and identifying or leveraging our competitive edge. As the sector strengthens its resilience it can underpin the Government's jobs protection and growth agenda and so support wider society in 'building back better' after Covid-19.
- **Development Potential** - as mutual goals of growth and profitability are met for industry, more investment will be made in new technology and innovations. This in turn will drive productivity and decrease environmental impact, thus acting as an enabler for government goals in this area.

To support industry growth and profitability the group identified the following:

- A clear vision and policy for the food and drink industry is needed to align efforts towards mutually beneficial goals for government and the industry.
- The collection, collation, analysis and leverage of sound data and evidence is pivotal to inform industry and government on the most effective ways to improve in the face of seismic challenges.
- Innovation is critical for the success of the industry and its ability to support Government goals.

Since these points are already being echoed by the work of others in Government and industry (including other FDSC working groups) and we do not seek to duplicate, this report confines itself to one central recommendation:

**That a cross Government and Industry group be created that seeks to thoroughly analyse imports and understand why they occur and in doing so question if there is an opportunity to substitute them with domestic product and or onshoring opportunities.**

## Background and Context

**The challenges of the last few years, not least mitigating the impact of Covid-19 on food supplies, has shown the importance, adaptability and resilience of the food and drink sector.**

In its strategic function as an industry-led body partnered with government, the Food and Drink Sector Council (FDSC) looks beyond the immediate and helps set the longer-term priorities for the sector. For example, the FDSC is feeding into the independent review of the National Food Strategy and will continue working with Government as the white paper is prepared for early 2022.

The FDSC established the Transition Working Group to review the medium-term challenges to the sector following the UK's exit from the European Union. However, this remit was widened to address a global view of the sector's ability to thrive in the future, and to identify any gaps that needed to be addressed for it to do so.

The food and drink sector already has a significant impact on the UK economy, contributing £120 billion to national Gross Value Added and employing over four million (14% of the national workforce)<sup>1</sup>, spread across every nation, community, and constituency. Food and drink manufacturing is the largest manufacturing sector in the UK, bigger than automotive and aerospace combined. Food and drink retail is the largest service sector employer, and 71% of the UK's land use is dedicated to food and drink. Our supply chain is thus vital to the functioning of the economy as a whole<sup>2</sup>. It is also, if adequately supported, a great enabler to achieve goals of mutual benefit to society, the government, and the industry itself.

The industry has an opportunity for growth as we promote economic recovery post-Covid, build our identity as an independent trading nation, optimise the potential for increased domestic market share and export growth, all of which will help to reduce our trade deficit. Our sector can offer unique opportunities to help the nation to reach net zero, leveraging innovation, developing more efficient supply chains, and supporting a diverse array of wildlife while offering careers at all skill levels and providing healthy and affordable food for the country.

As the sector develops so will opportunities to counter the challenges of food security, supply chain restructuring, climate change, biodiversity loss, water scarcity, human health, and fairness in the supply chain. By developing specific strategies that interlink and support each other we can begin to find holistic approaches and solutions to build a stronger UK food and drink sector that can be prepared for future challenges known and unknown.

The group agreed the following principles through which to anchor the discussions.

**To thrive Government and Industry need to co-create a vision and mindset for the sector to:**

- Become a serious global competitor in domestic and export markets.
- Think whole sector, but also identify specific competitive advantages.
- Identify resource improvements to counter competitive vulnerabilities.

## Findings

It was not possible to comprehensively map all the activities taking place in each of these areas. Not least because of the sheer breadth of that task but also as multiple groups overlapped and were dynamic in nature. There is not a static position to portray. This lack of visibility in itself may be something the FDSC should consider as a key responsibility to act to co-ordinate/align activities across the sector to greater benefit.



<sup>1</sup> FDF 'Industry at a Glance' April 2020

<sup>2</sup> Preparing for a changing workforce: a food and drink supply chain approach to skills, Food and Drink Sector Council, October 2019, pg 3

## Findings contd

Since it was not possible to work from a comprehensive and granular map of activities to spot gaps the group looked from the perspective of what must be in place. The following five areas were identified:

**From there we noted who was working in each area and noted potential gaps:**

MAPPING OF KEY PRIORITIES AND EXISTING WORK FOR THE DOMESTIC MARKET		
Priority Area	Description – Existing work and any potential gaps	Leading Groups
Environment and Sustainability	<p>Reducing emissions to in line with government Net Zero targets.</p> <p><b>POTENTIAL GAP:</b> The FDSC is not currently engaging with environment and sustainability from a cross-food chain perspective</p>	Waste and Resources Action Programme (WRAP)
Exports	<p>Long-term work to improve export performance for UK food and drink</p> <p><b>POTENTIAL GAP: Lacking a clear sector vision on trade for England, and working with current and future devolved administration strategies</b></p>	FDSC Exports Working Group
	<p>Ensuring there is the correct data and information to support government in creating offensive/defensive strategies in collaboration with the UK food sector.</p> <p><b>POTENTIAL GAP:</b> Availability of relevant data and analysis to support decision making</p> <p><b>POTENTIAL GAP:</b> Clear and open procedures for industry engagement with government in developing the strategies</p>	Trade and Agriculture Commission
Imports	<p>Review of agri import data for England and review potential added value processing, including onshoring opportunities</p> <p><b>GAP:</b> No current work in England has been identified in this area.</p>	N/A
Innovation	<p>Greater uptake of innovation across the sector is needed improve our productivity, and to help tackle many of our future challenges from Net Zero process improvement, to product development through to block chain and more.</p> <p><b>FeedUK (digital twin) and data dashboard</b> is led by the FDSC Innovation Working Group, FeedUK is in the proof of concept stage as of the writing of this report, but is a potential future resource to support the collection and analysis of data for across the sector.</p> <p><b>POTENTIAL GAP:</b> Is there other work within the broad area of Innovation, that the FDSC should be looking at from a food chain perspective?</p>	<p>FDSC Innovation Working Group</p> <p>Institute of Food Science and Technology (IFST)</p> <p>Knowledge Transfer Network (KTN)</p>
Labour / Productivity	<p>Skills for the food and drink sector is an enabler for tackling many of the other challenges that have been reviewed.</p> <p><b>The FDSC Workforce and Skills Group</b> is a cross food-chain group in place under the FDSC that is looking at the skills challenges for the sector.</p> <p><b>POTENTIAL GAP:</b> Addressing future skills needs as we come out of Covid and look ahead to net zero.</p>	FDSC Workforce and Skills Group
	<p>Metrics, KPIs and agricultural productivity</p> <p><b>The FDSC Agricultural Productivity Task Force</b> is already doing extensive work in this area.</p>	FDSC Agricultural Productivity Task Force

## Recommendations

Based on the mapping above, Imports has been identified as a priority area where there is a significant gap in existing work streams. Additionally, other potential gaps were highlighted within existing work for review.

Identified Gap	Recommendation
<p><b>Imports:</b> No current work in England has been identified in this area.</p>	<p>It is recommended that a joint industry/government working group is formed to analyse why we import what we do. Considerations:</p> <ul style="list-style-type: none"> <li>• Seasonality</li> <li>• Climate</li> <li>• Competitive advantage</li> <li>• Supply chain barrier</li> <li>• Lack of investment</li> <li>• Lack of innovation/skills</li> <li>• Historically established habits</li> </ul> <p>(NB: Any work on this area would be primarily focused on England, but collaboration with the devolved governments would be important.)</p>
Potential Gaps	Recommendation
<p><b>Environment and Sustainability</b> - The FDSC is not currently engaging with environment and sustainability from a cross-food chain perspective.</p>	<p>WRAP along with many industry bodies and Government is working in this area. However, as the FDSC is not currently engaging in this work, it is suggested that WRAP be invited to present to the FDSC and offer their recommendations for future collaboration.</p>
<p><b>Exports</b> - Lacking a uniform support structure for England, and working with current and future devolved administration strategies.</p>	<p>The FDSC Exports Working Group is covering a lot of work in this area, but it was agreed during the work discussions that an industry vision would build a strong position for the sector.</p> <p>This may be an area for the Exports Working Group to consider.</p>
<p><b>Exports</b> - Availability of relevant data and analysis to support decision making.</p>	<p>The availability of data and analysis came up throughout discussions, beyond just trade. Although many groups are working on this, including AHDB, IGD, FeedUK etc, there may be further opportunities to look at how the industry can best mobilise and enhance existing resources.</p>
<p><b>Exports</b> - Clear and open procedures for industry engagement with government in developing trade strategies.</p>	<p>Industry and Government may wish to review ways of working together more closely as trade strategies are developed.</p>
<p><b>Innovation</b> - Is there other work within the broad area of Innovation, that the FDSC should be looking at from a food chain perspective?</p>	<p>Although the FDSC Innovation Working Group is covering a significant piece of work with FeedUK, the group recommends a review of other areas of focus within the wider Innovation landscape that may warrant FDSC consideration.</p>
<p><b>Labour/Productivity</b> - Addressing future skills needs as we come out of Covid and look ahead to net zero.</p>	<p>Skills is an area that will need scoping to begin to anticipate future skills needs across the sector. The FDSC Workforce and Skills Group may wish to consider ways of further developing their work to feed into the National Food Strategy.</p>

## Appendix

### The Transition Working Group

The Food and Drink Sector Council (FDSC) brings together representatives from across the agri-food chain, including the devolved nations, to work with Government. Its primary focus is on food chain issues that are strategic and affect the whole food and drink supply chain.

Its working groups do not duplicate work already going on within industry sectors or sub-sectors.

The Transition Working Group was established in October 2020. It has been chaired on behalf of the FDSC by Nicholas Saphir (AHDB Chair) with participation from food industry trade associations (AHDB, BRC, FDEA, FDF, FPC, NFU, NIFDA, UK Flour Millers and UK Hospitality) and individual companies. (Edrington, Volac) and supported by the FDSC and AHDB Secretariat. For full membership see table below.

### The Approach

Essential priorities were identified that would underpin the sustainability of the sector, both financial and environmentally.

These priorities were grouped into trade, competitiveness, and environment & sustainability. A focus group was established for each and chaired by Andy Richardson, Alex Waugh, and Graham Hutcheon, respectively. Each group considered whether priorities were already being addressed and identified areas of vulnerability.

After a period of industry feedback, this report has been revised to address the feedback and will be presented to the Food and Drink Sector Council for endorsement in May 2021 before publication.

### FDSC TRANSITION WORKING GROUP MEMBERS

Name	Organisation
Nicholas Saphir	AHDB
Angela Christison	AHDB
Phil Hadley	AHDB
Phil Bicknell	AHDB
Andrew Opie	BRC
Jonathan Back (Observer)	Defra
Clare Whittaker (Observer)	Defra
Graham Hutcheon	Edrington / FDSC Exports WG
John Whitehead	FDEA
Dominic Goudie	FDF
Skye Oudemans	FDF
Tanya Barringer	FDSC Secretariat
Nigel Jenney	Fresh Produce Consortium
Sarah Laouadi	Logistics UK
Jack Watts	NFU
Michael Bell	NIFDA
Alex Waugh	UK Flour Millers
Jim Cathcart	UKHospitality
Andy Richardson	Volac

# FDSC Transition Working Group - Building a Thriving Food and Drink Sector



For further information, please contact:

Secretariat, Food and Drink Sector Council  
Email: [info@fdsc.org.uk](mailto:info@fdsc.org.uk) Telephone: +44 20 7420 7135

**FDSC**  
The Food and Drink Sector Council