



'WORLD BEATING OPPORTUNITY FOR UK FOOD AND DRINK INDUSTRY IF SECTOR APPROACH AND MISSION AGREED' SAYS LANDMARK NEW RESPUBLICA REPORT

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- **Establishing a sector deal and innovation eco-system can capitalise on 'Brand Britain' and UK standards and boost jobs, exports and productivity**
- **Dedicated mission can help UK be at the forefront of meeting global demands for nutritious and sustainable food and tackle £16bn NHS spend a year on obesity crisis**
- **Addressing institutional deficit for food and drink manufacturing with new remits for National Infrastructure Commission and LEPs can tackle barriers to growth**

A new report, *Appetite for Global Success*, published today by the think tank ResPublica, outlines an ambitious vision for the UK Food and Drink (F&D) Manufacturing sector.

The report provides new analysis on the sector's importance and extensive economic footprint across the UK for jobs, valued added, growth and rebalancing. F&D is a sixth of UK manufacturing, employs 400,000 and produces nearly 7% of exports. Despite this, F&D has largely been omitted from the Industrial Strategy. A decisive focus must be established to maintain and grow jobs and exports, and drive productivity. A decade ago, Scotland did this and has seen turnover increase 44% and exports 56%.

A dedicated mission through the Industrial Strategy should also be set to meet the demands of global food consumption now worth \$8 trillion - production must increase 60% by 2050 to meet the appetites of a predicted nine billion people. It must also seek to address a global obesity crisis - the NHS spends £16 billion a year on obesity - and deliver sustainable production and harness new technologies.

Addressing barriers to growth

But, the sector faces key barriers to realising the opportunities and the report assesses these through new perspectives: through industry anchors and through national, regional and local institutions.

The report shows food and drink manufacturing faces an institutional deficit in sector support, tackling poor infrastructure, improving skills and growing R&D. Solutions include placing a remit on national Industrial Strategy institutions to assess key sector infrastructure needs to help improve factory productivity and grow exports - co-ordinating with local institutions.

New data in the report found that the economic plans of three-quarters of Local Economic Partnerships (LEPs) feature food and drink but with few policy actions and little co-ordination. Decisive co-ordination to support key sectors must be part of the devolution programme and especially for 'dispersed' sectors which are across the UK and not geographically concentrated.

There is too little UK R&D investment and in relation to food and drink, low levels of innovation funding in nutrition, there is no dedicated catapult, and health policy and the Industrial Strategy are not aligned. A sector

strategy should seek to establish an innovation eco-system to scale R&D underpinning the mission of more nutritious, affordable and sustainable food.

UK food standards have a strong global reputation and the UK Social Attitudes Survey shows 83% of people say healthy food is of importance. The report outlines why and how standards should be enhanced through the Industrial Strategy not weakened through Brexit.

The report also outlines the implications of Brexit for the sector and the needs for co-ordination with the Industrial Strategy - the EU bought more than 70 per cent of UK food and non-alcoholic drink exports last year. The report calls for a dedicated unit across the Government bringing together key departments, new Parliamentary scrutiny and F&D Manufacturing Sector Council.

Jake Sumner lead report author and Associate Director of ResPublica, said:

"The UK must take the opportunities ahead. We can be at the forefront of manufacturing healthier, sustainable food to meet the increasing global food demand and tackle the £16bn obesity crisis. This can be a powerful identity and opportunity post-Brexit, delivering increased productivity, investment, growth, exports and skilled jobs. But, there needs to be a dedicated focus within the Industrial Strategy and a mission-orientated approach to innovation funding. A mission for healthier food will also help improve the status of the industry and attract new talent alongside improving workplace participation which spreads innovation through what we call employee voice deals.

"Industrial strategy has suffered from piecemeal actions and short-termism. Our report outlines ways to build on the Government's industrial approach with more certainty for businesses and sectors, more political consensus on long-term approaches and address the institutional deficit for food and drink."

John Stevenson MP for Carlisle and Chair of the APPG for Food and Drink Manufacturing said:

"In this country we have excellent food production standards, real strength in research, and many successful food and drink businesses – including in my own constituency of Carlisle. It is important that our food and drinks industry thrives and this report provides insights into how this can be achieved for the future. Part of the solution has to be greater co-ordination across Government and within the industry itself. Clearly there is an opportunity to create even more world-beating products in the food and drink sector. Our high-quality food reputation benefits UK exports and the British label inspires customers in emerging markets to purchase our products. It is crucial that this is built on for the continued success of the industry."

Angela Smith MP for Penistone and Stocksbridge, and member of the EFRA Select Committee said:

"Food and drink manufacturing contributes massively to local economies providing thousands of jobs. From farm to fork we often focus on farming and I wear my British Farming badge with pride but we can also forget our manufacturing industry. We need to have pride in this too, as ResPublica's report outlines, and build on, not weaken standards, through Brexit."

Ian Rayson, Corporate Communications Director at Nestlé UK and Ireland said:

"Nestlé welcomes this report by ResPublica, which highlights the enormous opportunity in the food and drink industry for growth, skilled job creation and rebalancing the economy.

Nestlé has supported ResPublica's work because a successful UK industrial strategy is essential for our industry and the wider economy."

Key report recommendations include:

- **Develop a specific F&D approach in the Industrial Strategy** and set a mission-orientated goal for leadership in nutritious and sustainable food production and standards to meet a growing UK and global demand - and address the £16bn a year obesity crisis
- **Develop an innovation eco-system** to drive increases in public and private R&D investment - the UK is a poor performer for R&D investment compared to OECD countries
- **Establish a F&D Manufacturing Council** with connections to the food pipeline addressing the fragmentation across the sector and co-ordination across Government
- **Address the institutional and co-ordination deficit** for F&D to meet challenges such as skills deficits and poor infrastructure, to support key sectors including with a F&D catapult
- **Address the 'post-code penalty for primes'** - to overcome productivity issues at factories place a remit on national Industrial Strategy institutions to assess key sector and prime needs and co-ordinate with local institutions including LEPs, Combined Authorities and counties.
- **Establish 'productivity target areas'** to support localities with lower economic performance
- **Raise the status of the sector** for the high-skilled and bring workforce improvement through 'employee voice deals' to raise skill levels, spread innovation and improve productivity
- **Create a 'Leadership Group' to support F&D 'Purposeful Companies'** supporting company leaders not just in food production but business practices
- **Establish a 'National Industrial Strategy Advisory Commission'** with an annual Industrial Strategy progress report to build political consensus and certainty, addressing a UK weakness

Notes for Editors

The ResPublica Trust is an independent nonpartisan think tank. Through research, policy innovation and programmes, ResPublica seeks to establish a new economic, social and cultural settlement.

Appetite for Global Success is supported by Nestle UK. All conclusions and recommendations contained in the report are independent of Nestle UK.

This report is available to download from the ResPublica website as of 2nd November 2017. For further details and to request a hardcopy of the report please contact Brendon Marsh at brendon.marsh@respublica.org.uk or call 020 3857 8310 or 07835 059469.

Jake Sumner, Associate Director - Industrial Strategy, ResPublica is available for comment and interview.

For all press enquiries contact Brendon Marsh on the above details.