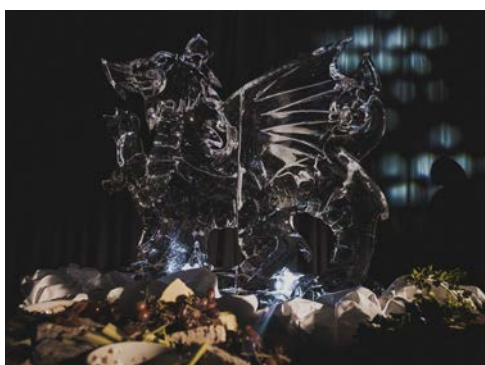




Our ambition to further develop Wales' food and drink sector

Date of issue: 23 July 2019 Responses by: 15 October 2019



General Data Protection Regulation (GDPR)

The Welsh Government will be data controller for any personal data you provide as part of your response to the consultation. Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation.

If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by Welsh Government will be kept for no more than three years.

Your rights

Under the data protection legislation, you have the right:

- to be informed of the personal data held about you and to access it
- to require us to rectify inaccuracies in that data
- to (in certain circumstances) object to or restrict processing
- for (in certain circumstances) your data to be 'erased'
- to (in certain circumstances) data portability
- to lodge a complaint with the Information Commissioner's Office (ICO) who is our independent regulator for data protection.

For further details about the information the Welsh Government holds and its use, or if you want to exercise your rights under the GDPR, please see contact details below:

Data Protection Officer
Welsh Government
Cathays Park
CARDIFF
CF10 3NQ

e-mail: Data.ProtectionOfficer@gov.wales

The contact details for the Information Commissioner's Office are:

Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Tel: 01625 545 745 or 0303 123 1113

Website: <https://ico.org.uk/>

Overview

We seek your response to the Welsh Government and the Food and Drink Wales Industry Board's joint proposals for a strategic plan to further advance the food and drink sector in Wales for the period 2020-2026. The proposals build on the success of Towards Sustainable Growth¹ an action plan which developed out of the 2010 strategy Food for Wales, Food from Wales report². The consultation describes a strategic vision and mission for the sector, and describes the main objectives and actions we propose to undertake.

The food and drink sector is part of the Foundational Economy described by the Welsh Government's Economic Action Plan (EAP)³. Our proposals present how the food and drink sector can develop to prosper and benefit Wales and its communities. The food and drink sector is relevant to a wide range of Welsh interests and the challenges of our times. Its development should contribute positively to addressing these and our consultation explains a coherent and integrated set of goals and actions to do that.

We are consulting on a strategic plan and so we do not describe the day to day detail of what we will do when, or exactly how to deliver the plan. Circumstances change and we want to respond and adapt within the context of the main goals of our plan. We will develop subsidiary operational plans and procedures throughout the 2020-2026 period. We commence with a wide range of initiatives already in place, and both tried and tested. We will review and improve these as we move from our current action plan and strategy to our new strategic plan. New initiatives will commence, some current initiatives may end.

We expect to publish a completed strategic plan for 2020-2026 in late 2019 or early 2020.

How to respond?

Please complete the consultation response form and send it to:

FoodandDrinkConsultation@gov.wales

The closing date for the consultation is midnight on the **15 October 2019**. We may not be able to take into account any responses received after this closing date.

Further information and related documents

Large print and Braille versions of this document are available on request. Please contact us at:

FoodandDrinkConsultation@gov.wales

Food Policy and Strategy Unit
Welsh Government
Rhodfa Padarn
Llanbadarn Fawr
Aberystwyth
SY23 3UR

¹ (businesswales.gov.wales/foodanddrink/about-us/action-plan)

² ([businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/Food for Wales Food from Wales.pdf](http://businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/Food%20for%20Wales%20Food%20from%20Wales.pdf))

³ (gov.wales/prosperity-all-economic-action-plan)

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Foreword by Lesley Griffiths AM

Our food and drink sector is a success. It is growing in scale, our profile is rising. There is a will and dynamism to succeed. Throughout all we have achieved under our current Action Plan (*Towards Sustainable Growth*), and at the heart of our success has been true partnership between business, technical experts, and government. The Food and Drink Wales Industry Board has provided leadership and valued advice. I thank them, and I look forward to our next phase of work as the Board and I seek to help the sector build on its success.

We face uncertainty and challenge from Brexit. However, as the situation develops, we can be confident our food and drink sector starts from a good place. Brexit will be a big disruptor but it should not distract us from recognising and tackling long term challenges we must face and address. Raising productivity, growing our scale, sustainable business practice, stimulating resilience throughout the supply chain, adding value to our produce, promoting strong routes to world markets, and raising our profile, must be our goals. Through all we do, we will demonstrate the sector living our values and creating well-being for the whole of Wales.

This strategic plan is focussed on developing our manufacturing base. It is not a proposal for a holistic food system change because we recognise we operate within a competitive UK and global market which responds to consumers. But it is a plan about how we develop the sector in ways which are sustainable, enhance Wales' well-being, and create strong networks which

help make our food system more resilient.

The proposals are part of the Welsh Government's wider programme and ambition to enrich our communities in Wales. They connect with related plans and developments for public health, for waste and carbon reduction, for sustainable use of resources, for providing fair work and employment across our communities, for the economy, and our international profile, to name some. Wales has the resources to develop as a food and drink manufacturing nation of renown in ways which benefit our people and society as a whole. In these interconnected ways, through multiple initiatives, we are on a journey to improve our food system for all.

I am grateful to everyone who has worked with my team to inform these proposals. The Board and I want a strong and vibrant sector, a sector which has a global reputation for producing excellent food and drink. I look forward to your response, with a view to finalising our new strategic plan in the coming months.



Lesley Griffiths AM

Minister for Environment, Energy and Rural Affairs

Foreword by Andy Richardson

I am immensely proud to chair The Food and Drink Wales Industry Board.

I believe there is something special and exciting about how Welsh Food and Drink is currently growing in size, value and confidence. There is no doubt that we are growing in confidence, professionalism and scale and this success has not been achieved by accident. Whilst I'm full of pride about the role the Food and Drink Wales Industry Board has played in this success, it has to be recognised that our real success has been achieved by the hard work of food and drink businesses, the commitment, expertise and drive of the Welsh Government, the many delivery partners who share our passion for success and the commitment, insight and expertise of my Board colleagues. Our success is being achieved through true collaboration and an ethos of helping others to be more successful and it's becoming highly contagious!

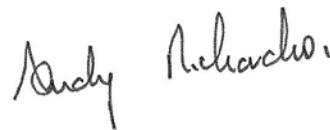
The Food and Drink Wales Industry Board has been proud to play an important role in bringing *Towards Sustainable Growth* to life, both as a champion and an ambassador of the industry. We are a bridge between the Welsh Government and businesses and we have worked tirelessly to create this success.

The Board believes continued partnership will be key to our future achievements and that the development of Wales' food and drink sector cannot be driven by the Welsh Government alone. Businesses must take responsibility for their individual success and our collective future as a sector. We operate in a dynamic and global market where we have to respond to our customer and trends by bringing new products to market which help shape those expectations and demands.

We must increase our focus on raising productivity and produce food and drink in a sustainable way. We should recognise the important contribution the sector does play and can extend further to Welsh society through providing good employment across the country, building supply chains with our partner businesses in agriculture and fisheries, wholesale and retail, and complementing tourism and our international image. Through our product offer and high manufacturing and production standards, we can enhance Wales' reputation on the world stage.

The Board will have a continuing role in finalising these proposals and will be a partner in their delivery. Throughout the process the Board will be a critical friend as well as an adviser to the Welsh Government. We will be a catalyst bringing the industry and our partners together so we can continue to grow a strong and vibrant food and drink sector in Wales, for Wales and set an example to the world.

Please join us on the next stage of our journey.



Andy Richardson

Chair of the Food and Drink Wales Industry Board

Chapter 1: Our Vision and Mission

The Welsh Government and Food and Drink Wales Industry Board (the Board)⁴ have a shared ambition to build on success. Food and drink businesses, small and large, are succeeding across the country. Our ambition is to surpass our achievements to date, moving forward from the strong legacy of *Towards Sustainable Growth* and *Food for Wales*, *Food from Wales*, to enter the next decade on an accelerated journey of success.

Our vision can be expressed simply it is

To create a strong and vibrant Welsh food and drink sector with a global reputation for excellence, having one of the most environmentally and socially responsible supply chains in the world.

Our mission is

To develop a thriving food and drink industry through working collaboratively with the sector to achieve the following strategic aims:

- To grow our businesses' scale, value, and productivity, through targeted investment, support, innovation and co-operative activity throughout supply chains, and by creating strong and diverse routes to UK and export markets.
- To benefit our people and society by providing attractive careers and fair work, committed to developing the skills of the workforce, using resources sustainably, and encouraging businesses to play a part in addressing public health and poverty.

- To create and communicate a global reputation for Wales as a Food Nation by showcasing our sector through Taste Wales/BlasCymru, developing and living our sustainable brand values, widely adopting high production and accreditation standards, and celebrating businesses' successes.

The vision and mission contribute to the Welsh Government's strategic goals set in *Prosperity for All – the National Strategy*⁵ and *Taking Wales Forward*⁶ and will be at the heart of our work with food and drink businesses.

Our journey so far

We have taken strides since *Towards Sustainable Growth* commenced in 2014. **Figure 1** summarises⁷ progress: the sector has grown in sales value; exports are growing rapidly, and are diverse in products and markets; businesses are diverse⁸ and are located across all regions of Wales; products are winning more awards and consumers perceive our products are great quality and taste fantastic⁹.

Our success has been based on a strong partnership approach driven by collaboration between the industry, the Welsh Government and the Board. We have created self-reinforcing networks, foremost being clusters amongst businesses¹⁰ with mutual interests where potential competitors find win-win opportunities.

⁴ (businesswales.gov.wales/foodanddrink/food-and-drink-industry-board)

⁵ (gov.wales/sites/default/files/publications/2017-10/prosperity-for-all-the-national-strategy.pdf)

⁶ (gov.wales/sites/default/files/publications/2017-08/taking-wales-forward.pdf)

⁷ The most recent economipraisal was published in January 2019 and is available here (businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/2018%20-%20Food%20%26%20Drink%20Economic%20Appraisal%20-%20FINAL%20%28E%29_1.pdf).

⁸ (foodinnovation.wales/directory/)

⁹ (businesswales.gov.wales/foodanddrink/about-us/welsh-food-and-drink-numbers-and-value-welshness)

¹⁰ (businesswales.gov.wales/foodanddrink/growing-your-business/clusters)

Figure 1: the state of the food and drink sector and wider supply chain



We have aided, guided and stimulated the sector through bringing together technical expertise, applied research, and support, drawing on our food and drink technology centres through Food Innovation Wales¹¹. We have provided insight, know-how, and a helping hand to nurture success.

We have sought opportunities to link to related areas: tourism and hospitality, farming and fisheries, retail and wholesale.

We have extended our international reach and profile through trade shows and business networks.

Challenges we face from Brexit

Brexit is likely to be an enormous disruptor, and we do not know when it will happen, what it will be like, or even if it will happen at all. Some key points highlight the hard realities and potential impacts:

- Our food and drink sector is tightly integrated into UK and international supply chains and cannot be insulated from macro changes to the trading environment.
- Around a quarter of the food and drink manufacturing sector labour force are non-UK EU citizens.
- 73% of Welsh food and drink exports by value are to the European Union.
- Trade agreements with the EU and other countries may threaten or alter import-export dynamics, introduce different tariff and non-tariff costs, and impact on consumer standards.

Anything other than continued access to the Single Market on present terms with free flow of labour poses huge challenges. The mainly micro or SME size of our business base magnifies the challenge because small businesses usually have

more limited capacity to respond compared with better resourced multi-nationals.

For every Brexit scenario we must focus on the same significant, deep-set challenges which our sector faces. Brexit means we must intensify our focus and effort on the fundamentals which make the sector successful. We must focus on improving productivity, whether through capital investment, better business practice and product development, or through better skills and business leadership. We can and must add more value to our primary products and strengthen our routes to market in the UK and internationally. We should diversify our markets and exports. We should deepen and broaden the networks and clusters to strengthen our sector's resilience and reach. We must build our reputation and sell our USPs. We must take firm and rapid action for manufacturing to use resources sustainably and to contribute widely to Wales' well-being.

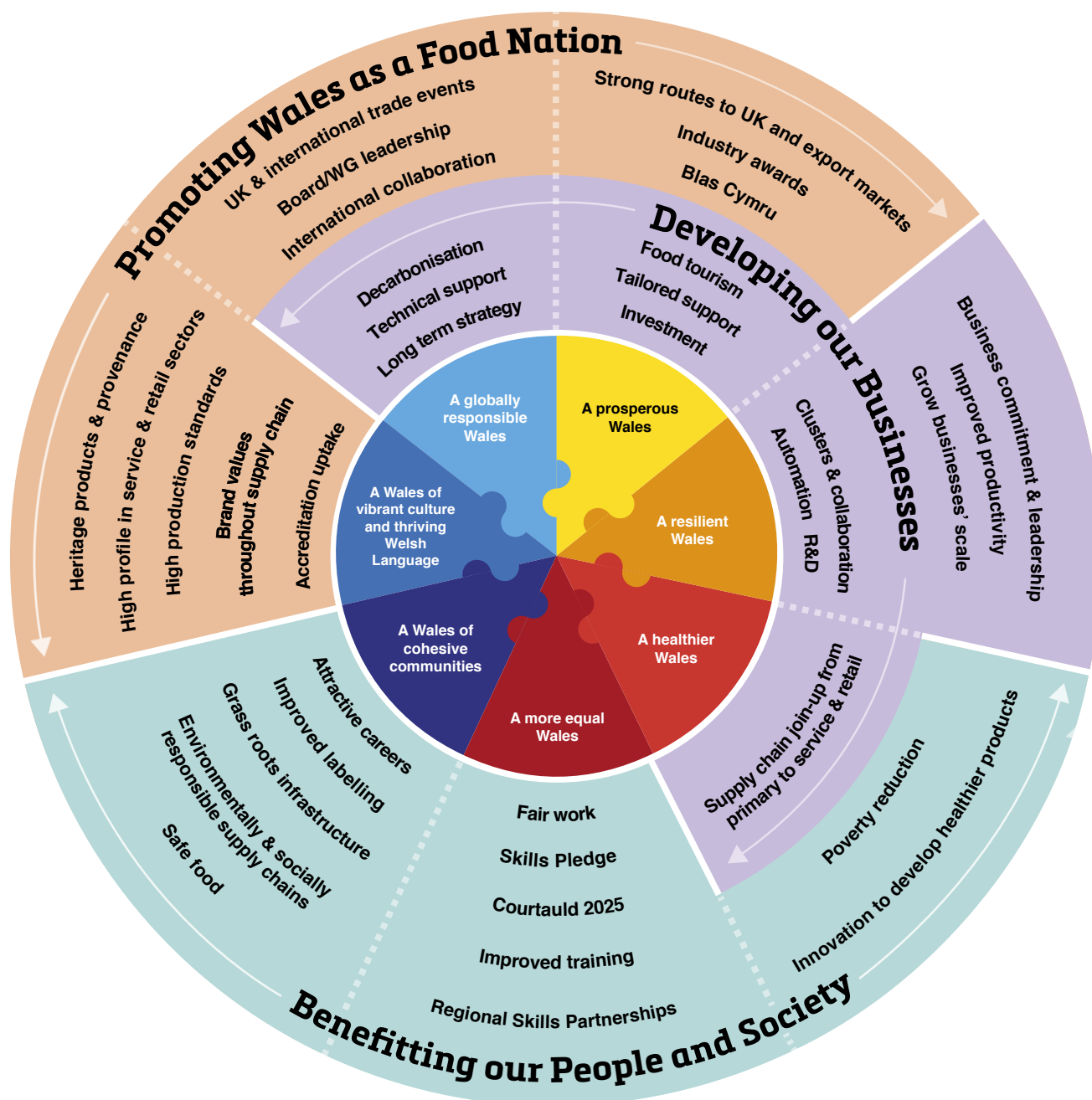
How engagement with the food and drink sector has informed this consultation

To prepare this consultation we have sought views from stakeholders and businesses since summer 2018. Conversations and our own analysis have identified many issues, needs and actions summarised in **Figure 2** in relation to the seven well-being goals at the heart of the Well-being of Future Generations (Wales) Act 2015¹², legislation which guides and frames the Welsh Government's drive and purpose. **Figure 2** simplifies reality as many issues are relevant to more than one well-being goal, issues interact, and real life is more detailed and complex. However **Figure 2** shows how the food and drink sector touches on, and is embedded within, society's fabric and the big challenges we face, and its development must take account of this. We have grouped the issues by the three parts of our mission the delivery of which will have to interlock to be successful.

¹¹ (foodinnovation.wales/)

¹² (futuregenerations.wales/about-us/future-generations-act/)

Figure 2: a summary of issues facing the food and drink sector and how they relate to the well-being goals and the three elements of our mission



We have found strong support for a new strategic plan to continue our work to date. Businesses and stakeholders want on-going direction and they want support to focus and rally our shared effort, energy and resource. Most believe *Towards*

Sustainable Growth has been successful and we should keep to its course. For them it is a question of building on what has been achieved, going further faster and capitalising on our gains, rather than a radical change of direction.

Our key actions and targets

We have concluded from our stakeholder input and our own experience that we should continue on the path started by *Towards Sustainable Growth* but with sharper focus on what we have found works and setting key goals, actions and targets for the three parts of our mission.

To simplify this complexity, we will prioritise four main focal points for action and we will set five headline targets. These are summarised below and illustrated in **Figure 3**:

- **Action focus – to grow the sector's scale.**

We want more businesses to start up and more to survive longer. We want our micro businesses to become small businesses, our small to become medium, and more to become large. We want the sector's total scale, and the diversity of its markets in the UK and export markets to grow. We want to attract more foreign direct investment. We must add more value throughout the supply chain and seek multiplier effects.

Target 1: Every year the turnover value of the Food and Drink Sector will grow annually to match the change in the Consumer Price Index (CPI), plus an additional 2%.

- **Action focus – To improve the sector's productivity.** Improving productivity is key to prosperity and long term success. Our performance is not good enough. We must focus and investment in skills and people, capital assets, better business practice, strong business leadership and business planning, and apply innovation and research evidence.

Target 2: the gross value added per hour worked of the food and drink sector will grow annually.

- **Action focus – our support to businesses benefits our people and society as well as the individual business.** We seek a partnership with businesses where our support helps them and in return the business thrives and operates in ways which benefit its workforce, the community and Wales as a whole.

Target 3: to increase the number of food and drink sector businesses committed to actions that benefit the people of Wales (this complex target is expanded in **Figure 3** and explained in **Annex 1**).

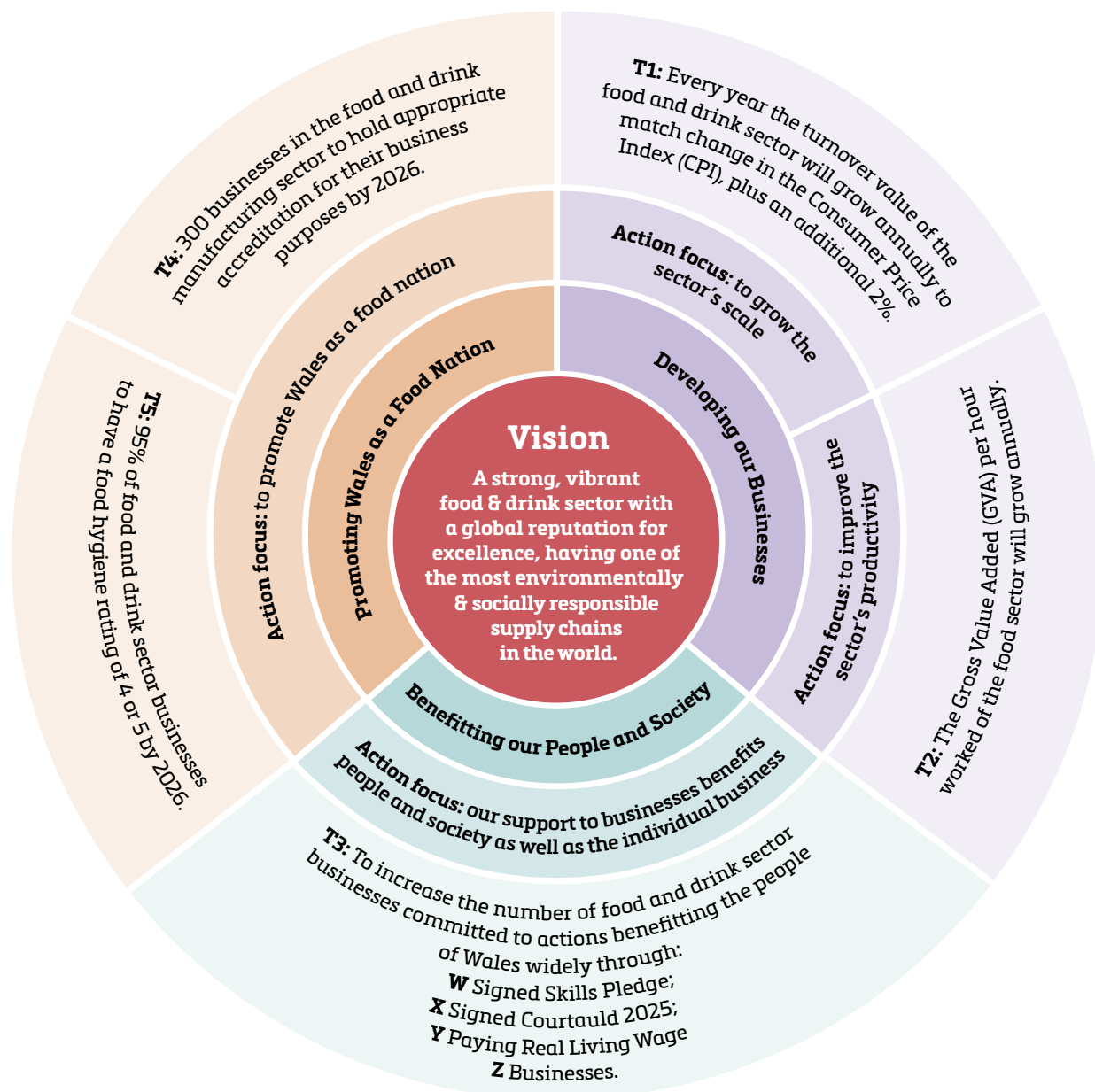
- **Action focus – To promote Wales as a food nation.** We will focus on living and marketing sustainable brand values, celebrating our successes, growing our exports and markets to support growth and to project our international profile. High production standards and product development are integral to our image and also support productivity and sector scale improvements.

Target 4: 300 businesses in the food and drink manufacturing sector to hold appropriate accreditation for their business purposes by 2026.

Target 5: 95% of food and drink sector businesses to have a food hygiene rating of 4 or 5 by 2026.

Figure 3: illustrates how the vision, mission and targets relate to each other. We explain the targets further in Annex 1

Vision, Mission, Action and Targets



Delivery of proposals

Our mission elements and key goals and targets interlock and we will take a holistic approach to advance the food and drink sector in a balanced way.

The Welsh Government and the Board will be facilitators and catalysts to this approach. The Board is publicly appointed, appointees bringing a wide range of knowledge and insight. The Board will be an ambassador of the sector, and to the sector. It will champion the sector in Wales and outside Wales. It will seek strategic connections and will facilitate interest and investment in our businesses and products. The Welsh Government will provide executive support to the Board and resources to support the sector to grow and thrive. As joint partners we will scrutinise progress and how the strategic plan evolves so it remains relevant and focussed. The Welsh Government will work with the other administrations in the UK where common approaches or change are necessary or beneficial.

Where we help businesses we will do so in line with the principles of Prosperity for All: Economic Action Plan¹³ that support is reciprocal in the sense that businesses and partners help our nation's well-being. Support to businesses, whatever form it takes, will be conditional on that. The expectations we have of a business, and the specific requirements of any support arrangement, will depend on the circumstances of the support offered; its scale, whether there has been previous support, the size and nature of the business and its stage of development, potential multiplier effects, and the nature of the support requested or offered. This will apply whether it is direct support from the Welsh Government or support through one of our

contracted partners. We recognise and respect that most businesses want to play their part and commit to standards and activities which further Wales' well-being. Our emphasis will be on sustainable long term growth, not short-termism.

We propose building on the successful model of delivery developed under *Towards Sustainable Growth* which combines Welsh Government direct support to businesses, technical advice and knowledge transfer delivered through a range of contracted partners.

In our transition to the new strategic plan, and throughout its life, we will develop operational plans and processes for delivery. We may publish some of these where that would help inform others.

We propose to focus on the period 2020-26. We favour an intermediate length timescale because it is long enough to organise and take actions which make a material impact but not so long as to be regarded as infinite and not relevant to the present.

The wider supply chain

Food and drink is a manufacturing sector in a supply chain beginning with agriculture and fisheries, and ending with wholesale, retail, and the food service and hospitality sectors. However, this consultation is not about these other related sectors.

Our proposals for farming are the subject of Sustainable Farming and our Land¹⁴. We are developing a new fisheries policy – Brexit and our Seas¹⁵. Both farming and fishing operate in complex regulatory environments and have distinctive issues specific to them. It would not be practical to adopt one strategic and development

¹³ (gov.wales/prosperity-all-economic-action-plan)

¹⁴ (gov.wales/sites/default/files/consultations/2018-07/brexit-and-our-land-consultation-document_0.pdf)

¹⁵ (gov.wales/marine-and-fisheries-policies-wales-after-brexit)

plan for all three sectors, but it is our goal that their future development is strongly linked.

Retail is another important element of our Foundational Economy. Welsh Government is working with this sector in partnership with businesses and the Welsh Retail Consortium. We propose to further our work to connect our food and drink manufacturers with retailers to develop new market opportunities and consolidate gains already made.

The food service and hospitality sector is significant in its own right. We are already supporting food and drink manufacturing businesses to supply it, including food tourism. Tourism is also a key part of our Foundational Economy and one of our main ways to project our profile internationally. We will build on the progress made through the Food Tourism Action Plan¹⁶ as the Welsh Government continues its work with the tourism sector and as we take forward our International Strategy.

Financial resource

Brexit means change to how support for Wales' food and drink sector may be funded and how much money is available. Historically, the Rural Development Programme for Wales¹⁷, funded by the EU's Common Agricultural Policy has been our main mechanism to support our food businesses, whether through direct investment grants or support-in-kind services, providing knowledge transfer and advice or supporting events. What replaces the Common Agriculture Policy is the subject of Welsh Government's proposals in Sustainable Farming and our Land.

The future financial settlement for Wales remains uncertain. While the UK Government has pledged to maintain cash levels of farm support until 2022, we are yet to receive any clarity from the UK Government on what happens thereafter

or how funding will be repatriated to Wales. Welsh Ministers are clear that leaving the EU should not mean any reduction in the funding available to Wales.

With on-going austerity imposed by the UK Government, the Welsh Government's budget must meet many growing demands with tighter resources. Against this complex backdrop we must recognise the current support and funding landscape may change and realise the proposals in this consultation will depend on wider funding decisions which are beyond the scope of this document, and indeed, Welsh Government.

In this challenging climate, we should consider the scope for the actions we propose to be scalable, so they can operate within available budgets under a range of plausible scenarios for the future. All the actions we support must be clearly able to deliver good value for money for the people of Wales. Planning in the context of the uncertainty we now face is extremely difficult but also essential. Our plans must be flexible and responsive to changing financial circumstances.

Summary

We commit to providing strong leadership and support to the food and drink manufacturing sector. We will publish on-going updates on progress against the five targets and wider indicators. Our support will be contingent on providing something for something in return for Wales' benefit – there will be gateways for different support levels conditional on specific commitments being met.

We look to businesses who work with us to commit to high standards and values which they share throughout the whole supply chain. A business will show leadership to other businesses and represent our shared values enshrined in our vision and mission.

¹⁶ (gov.wales/food-tourism-action-plan-2015-2020)

¹⁷ (ec.europa.eu/agriculture/sites/agriculture/files/rural-development-2014-2020/country-files/uk/factsheet-wales_en.pdf)

Question 1 of 20

What is your feeling in relation to our proposed vision and mission?

Question 2 of 20

If you do not agree with this proposed vision and mission, what would you do differently?

Question 3 of 20

Any other comments?

Chapter 2: Developing our Businesses

To realise our vision we intend to grow our businesses' scale, their value and productivity. We will do this through targeted investment, soft support and advice, promoting innovation, stimulating co-operative activity throughout supply chains, and by creating strong and diverse routes to UK and export markets.

We are interested most of all in improving business productivity, survival rates and the ambition to succeed. We will prefer investment in and support for quality businesses which have ambition to deliver our shared vision and values.

Success will be measured by achieving two targets.

- Target 1: Every year the turnover value of the Food and Drink Sector will grow annually to match the change in the Consumer Price Index (CPI), plus an additional 2%.
- Target 2: the gross value added per hour worked of the food and drink sector will grow annually.

Growing our scale and value

Our sector's value has grown since 2014. We want to build on this. We want to increase the food and drink business birth and survival rate, to help micro businesses to become SMEs, and for SMEs to become large. We want to attract inward investment and to grow the value of our exports. The sector's growth depends on many factors beyond our control so we will measure progress against the backdrop of changes to the Consumer Price Index (CPI) which we judge is the best bench mark for performance. We want to do better than matching CPI changes and have set an ambitious Target 1 to outperform it.

Our primary market is the UK and will remain the UK because of the size of the population and its geographic proximity. However we want to grow our export markets too, not only to contribute to our scale and value but to project Wales to the world and to diversify our customer base.

We see strong business planning, investment in capital assets and people at all levels, production efficiency, and clear routes to markets as essential for success. In offering support to a business we will want to understand its ambition to develop and how it will achieve its goals.

Improved productivity

Productivity improvement is essential for long term individual business success and underpins the sector's collective prosperity and Wales' well-being. We prize productivity gains as the most important aspect of developing our businesses and we set Target 2 to reflect this.

We see investment in capital – facilities, automation, R&D, and people at all levels, as vital elements. In offering support to a business we will want to understand how it will contribute to improving productivity, and add value and multiplier effects in the supply chain.

Developing our networks and stronger supply chains through clusters

All businesses in the supply chain benefit from reliable connections between them. We have found our cluster programme has brought practical benefits – shared costs, joint ventures, idea and solution sharing. Clusters strengthen the resilience of our food and drink manufacturing base to setbacks and shocks by helping develop strong supply chains and mutually reinforcing relationships. Clusters are generating a sense of mission and a growing team spirit to succeed as a sector.

We will widen the cluster initiative, seeking to increase the number of participating businesses and to deepen their engagement. We will focus on creating stronger links and adding value throughout supply chains. Doing so will build a web of supportive relationships, links which make our businesses and food system more resilient to setbacks, add value to our products, and create 'golden threads' showcasing our sustainable brand values and USPs throughout the supply chain.

We will support new cluster groups where market research suggests that would be worthwhile. We will terminate support for groups if they do not meet our values, or if they are no longer relevant. We will develop and support clusters which are thematic or based on businesses having a common regional location.

Cluster members are becoming our elite partners where we will focus our advisory support. We will make available market and technical information, and research routes to market to identify opportunities and ways to overcome barriers to entry and growth. We will provide problem solving capability, help develop new products, facilitate co-operation between businesses, and help them innovate through applied research. We will promote clusters to potential buyers¹⁸ of Welsh products as gateways to our production network. Conversely we will market clusters as potential buyer networks for our farming and fishing industries to supply their produce into the manufacturing sector. We will also actively encourage our clusters to collaborate internationally in initiatives such as the European Atlantic Arc programme to help businesses develop further.

¹⁸ Retail and wholesale buyers, the service and hospitality sector, export agents and consolidators, and public services which place food procurement contracts.



Bwyd a Diod Cymru Rhwydwaith Clwstwr

Food and Drink Wales Cluster Network

The Food and Drink Wales Cluster Network brings together suppliers, academia and government with the key objective of helping businesses achieve accelerated growth in sales, profit and employment.



Our 8 Main Clusters

High Impact Business Cluster
Est. June 2016
Approx. 30 producers

Drinks Cluster
Est. July 2017
Approx. 70 producers

Export Club
Est. May 2016
Approx. 81 producers

Fine Food Cluster
Est. July 2015
Approx. 100 producers

Honey Cluster
Est. April 2018
Approx. 10 producers

Horticulture Cluster
Est. Jan 2018
Approx. 240 producers

Seafood Cluster
Est. Summer 2015
Approx. 65 producers

Nutri Wales Cluster
Est. Dec 2015
Approx. 115 producers

Food Innovation Wales and Future Foods

In support of clusters and stronger supply chains we will further Food Innovation Wales¹⁹, our partnership of food technology centres, which may be complemented by the Future Foods²⁰ initiative led by IBERS. Food Innovation Wales and Future Foods will work directly with businesses, but by offering bespoke advice, and with access to development and business incubator facilities in themselves, they are a selling point to investors and food and drink businesses to locate to Wales.

Investing in our workforce

We face a crisis. We need to attract 7,900 new entrants into the food and drink manufacturing sector by 2025²¹. The roles we need range from machinery operatives to graduate food technologists. Our risk is even worse because around a quarter of our workforce are non-UK EU nationals²² who understandably may be less inclined to work in Wales due to Brexit. The UK Government's stance on setting immigration criteria to work using a crude salary threshold is a big risk. It fails to take account of skilled workers in the food and drink industry who may be paid less. We face an urgent challenge to attract and retain enough suitable people.

Part of the solution is to increase automation and uptake of industrial digital technology which are often important for improving productivity. We will prioritise support to businesses which want to do this. Automation usually means jobs become more technical but rewarding and better paid, which is a good thing for individuals and communities. Automation also requires work

force development through training people. We must also face the uncomfortable truth that automation can mean fewer jobs in an individual business. The way to respond to this is not to stand still and become less productive and uncompetitive. The way to respond is to grow that business and the whole sector. More and stronger businesses in strong clusters and supply chains can collectively create more employment at higher skill levels.

Another part of the solution is to attract more people into the sector. Our challenge is food and drink manufacturing is generally not perceived as a great career or offering satisfying, well paid jobs. Only 15% of young people would consider working in the sector. It is vital the sector attracts and retains a skilled workforce. We must improve perceptions and people's understanding of the opportunities available, that the sector can provide great careers and satisfying jobs. We have already begun initiatives to facilitate entry into the industry and promote skills development. We will build on these. We will further the Welsh Skills Pledge²³ being championed by the Board, where our businesses are signing up to pledge their active support²⁴. We will promote the food sector in more general careers activity like Skills Cymru²⁵. To address businesses' particular needs we will continue²⁶ Food Skills Cymru²⁷ which delivers training geared to food and drink manufacturing.

Across Wales three Regional Skills Partnerships²⁸ analyse economic challenges and likely growth areas to identify the skills needed in the workforce.

¹⁹ (foodinnovation.wales/)

²⁰ (gov.wales/ps73m-eu-backed-package-boost-wales-food-sector)

²¹ Research undertaken by Brookdale Consulting on behalf of the Welsh Government.

²² Research undertaken by Brookdale Consulting on behalf of the Welsh Government.

²³ (businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/180209_Skills_Pledge_Booklet_A5_ENG.pdf)

²⁴ (tasty2019.lmdev.co.uk/pledge)

²⁵ (prospectsevents.co.uk/)

²⁶ At least until September 2023 when currently allocated funding ends.

²⁷ (www.foodskills.cymru/)

²⁸ (businesswales.gov.wales/skillsgateway/skills-development/regional-skills-partnerships)

Developing our Businesses Glanbia Cheese



When you next bite into a pizza, which you have bought from either a restaurant, a take-away or from a supermarket, the chances are the mozzarella on top will be from Glanbia Cheese in Llangefni, Anglesey, Europe's largest mozzarella cheese manufacturer.

Glanbia Cheese Ltd. is a joint venture between Leprino Foods in Denver, Colorado, and Glanbia Plc in Kilkenny, Ireland, supplying customers in both the food service and B2B sectors with over 90,000 tonnes of cheese.

Senior HR Manager Heather Broughton is hot on training: "It's critical we have skilled and knowledgeable employees who can adapt and change to the on-going demands of customers, new food legislation and the business. Continual investment in internal and external training for employees enables them to grow and develop to their full potential. We believe that training helps motivation, and shows our desire to provide a sustainable and satisfying occupation and a long-term career path."

Heather herself is Vice Chair of the Wales Dairy Industry Skills Partnership, a group of Welsh Dairy

employers in conjunction with the National Skills Academy for Food and Drink along with representatives of Welsh Government funding bodies and Reaseheath College. Heather says: "We developed the Industry Approved Level 2 Dairy Operations training (the second cohort has just begun) in recognition of the diminishing knowledge within our sector – we wanted specific training to meet the exact needs of our businesses.

"The collaboration with other dairy processors in the area is exceptional and enhances the ability to design a programme which meets all our needs, while strength in numbers enables us to provide cost effective, Welsh Government supported training."

A Level 3 Dairy Operations Science and Technology course is now in development, providing an on-going career path for employees. Heather again: "The food industry can provide a fantastic career path for so many functions and disciplines. It is critical that we continue to grow and provide good quality, technical jobs for our local communities."

Their work informs further education and apprenticeship provision. We will engage with the Regional Skills Partnerships to ensure the needs of the food and drink sector are understood. We must ensure provision is relevant and develops to meet the sector's needs. With this in mind the Welsh Government will soon commence reviewing the apprenticeship framework for food and drink.

Skills training is not just technical. We will also focus on training for management and leadership skills essential for business success. Our decisions whether to support businesses will take account of their commitment and progress to training and developing their workforce at all levels.

Financial investment in businesses

We will invest in businesses and stakeholders who support them. Investment will be on the merits of the business case including how it helps Wales' well-being.

We will develop our investment grants to offer flexible financial support. We want to help businesses of all sizes and encourage start-ups, and support their growth journey. Our main grants, the Food Business Investment Scheme²⁹ and Rural Business Investment Scheme³⁰ have invested in many new capital projects and have been well received, as has support for inward investment from European Regional Funds. However our potential may have been limited by working within European rules and we will look to rationalise and update what we offer when these programmes end so we have adaptable and targeted grant support.

We see direct grant as a minority of investment support. Our bigger aim is to help businesses access other forms of finance such as bank

support, equity and private investment. Our operating model will put Business Wales Finance³¹ at the forefront as a gateway to advice and support for businesses, with the Development Bank of Wales³² an important investment partner. The Board will play a pro-active role as ambassador and networker for the sector to help attract investment.

Under *Towards Sustainable Growth*, we have attracted significant foreign direct investment. We will continue to proactively work with potential investors, using research, trade shows and targeted relationship management to attract them. We will provide advice about the Welsh and UK markets and finding a business property, with the support of our international office network. The Welsh Government's coming International Strategy will be integral to this work.

Boosting exports

Growing exports is part of our plan to develop our businesses but we see them primarily as being about promoting Wales as a Food Nation on a global stage. We discuss exports in Chapter 4.

Summary

We commit to support ambitious viable businesses which share our values. We will invest directly in them and we will attract and facilitate investment from others. We will focus on growing our scale and on productivity improvement. We will stimulate and grow networks and clusters through our supply chains, linking primary production to manufacturing, through to retail/wholesale and the service sector, and adding value and enhancing our collective product offer. We will provide comprehensive support for technical matters, product

²⁹ (gov.wales/food-business-investment-scheme-guidance)

³⁰ (gov.wales/rural-business-investment-scheme-food-guidance)

³¹ (businesswales.gov.wales/businessfinance/types-finance-and-how-apply/development-bank-wales)

³² (businesswales.gov.wales/businessfinance/types-finance-and-how-apply/development-bank-wales)

development, applying research and innovation. We will research new and existing markets to find the best opportunities and to create strong routes to them. We will help businesses invest in their workforce.

In return we expect businesses we work with to be ambitious, have a long term and structured approach to their development, to commit to

improve their productivity and adopt recognised best business practices, to share and contribute to our well-being goals, working collaboratively with their peers and supply chains to develop strong business networks rooted in our communities.

Question 4 of 20

What is your feeling in relation to our proposals?

Question 5 of 20

Do you agree with the areas we have identified for support and the commitment we ask businesses to make?

Completely agree

Agree

Neither agree/disagree

Disagree

Completely disagree

Question 6 of 20

If you do not agree with the areas we have identified or commitments, what would you do differently?

Question 7 of 20

Is there any additional activity needed which we have not identified?

Question 8 of 20

Can you contribute to achieving our proposals?



Active in the locally sourced dairy sector in north Wales from 2011, Daffodil have scooped a number of awards, made a lot of friends and landed some great business, including supplying all Welsh hospitals with a bespoke strawberry and vanilla recipe yoghurt for the past five years.

The search is now on for a production unit to make Daffodil's delicious yoghurts and creams from Welsh milk, and Welsh Government is proving its worth in supporting the company's ambitious growth plans. Founder Lynne King brought 20 years dairy experience to bear when she established Daffodil. "The wide range of help on offer has been brilliant," says Lynne. "We're seeing the benefits of the Innovation Competition grant, we've joined the Fine Foods Cluster, the Export Club and the Commercial Skills Academy to broaden our business

knowledge, skills and networks. The support has been amazing."

Looking to bring on youngsters in the industry, Lynne took on a local student studying Food Science at Cardiff Met, and was really impressed with her qualities. With home team support, Lynne now looks forward to taking her Welsh Clotted Cream into international markets, and eagerly awaits this year's TasteWales in March, after the previous meet-the-buyer event netted her a UK-wide contract with Lidl, following years of fruitlessly banging on the multiple's door.

Lynne says: "Welsh Government's support is sharply tailored to what we really need as producers, and I'm confident that with a strong Welsh brand that's built on provenance, Daffodil, and the sector generally, is in good shape for the future."

Chapter 3: Benefiting our People and Society

Our mission is the food and drink sector benefits our people and society through providing fair work, using resources sustainably, and businesses play a part in addressing public health and poverty.

This part of our mission is diverse and complex. It does not translate well into simple targets but we think a target, however imperfect, is valuable to show our intent and provide some direction. For simplicity we propose one target which has several dimensions. We are exploring the detail of the target further and would like your views.

Target 3: to increase the number of food and drink sector businesses committed to actions benefitting the people of Wales widely through:

- W having signed the Skills Pledge by 2026.
- X having signed the Courtauld Agreement by 2025.
- Y% of businesses in the sector paying all their employees at least the Welsh Living Wage by 2026.
- Z businesses contribute to the School Holiday Enrichment Programme.

(Where W, X, Y, and Z are numbers not decided yet.)

Fair work

The Welsh Government strives for social justice and expects business to play a strong part in return for our support. Support to businesses will be conditional on them demonstrating they are Fair Work Employers, as defined by the Fair Work Commission in its recent report Fair Work Wales³³. The Board regards fair work as sensible business practice in line with a business' long term success.

Fair Work is where workers are fairly rewarded, heard and represented, secure and able to progress in a healthy, inclusive environment. We understand achieving Fair Work is a continuous journey and businesses will start in different positions. But we expect to see demonstrable active effort by businesses towards outcomes of: fair reward; employee voice and collective representation; security and flexibility; opportunity for access, growth and

progression; a safe, healthy and inclusive working environment; and legal rights are respected and given substantive effect. Equality and the active promotion of equality and inclusion are integral to all these outcomes and we see no trade-off between them.

Currently 65% of employees in the sector are paid at least the Welsh Living Wage³⁴. We will require businesses we support to commit to work towards paying the Welsh Living Wage by 2026 and to encourage their supply chain to do the same.

There is opportunity to use public procurement in a smarter way to support other initiatives such as the Better Jobs Closer to Home campaign³⁵. These have involved the use of procurement legislation to reserve suitable contracts, enabling existing and new supported factories to provide employment and training opportunities for the most disadvantaged people

³³ (gov.wales/fair-work-wales)

³⁴ The Welsh Living Wage is the same as the Real Living Wage.

³⁵ (gov.wales/signs-positive-better-jobs-scheme)

in a local area. No contracts relating to food have been established so far, but we see opportunity to explore and develop this.

We will also expect businesses receiving our support to move towards adopting the Welsh Government's Ethical Employment in Supply Chains³⁶ code of practice and to encourage other businesses in their supply chain to adopt it. The Code is designed to ensure that workers are employed ethically and in compliance with both the letter and spirit of UK, EU, and international laws. The Code was designed for organisations involved in public procurement and we appreciate a nuanced approach to adopting it will be necessary depending on a business' size and stage of development.

Careers and Skills

Attracting people into food and drink manufacturing and continuing to train them is a paramount for the sector's productivity and success. Good jobs benefit individuals, their families, and our communities and society. We have already outlined the actions we propose to take in Chapter 2. Adding to that, we will also continue to extend approaches we have trialled in the Valleys which we are now extending to north Wales – namely, businesses signing the Skills Pledge commit to reskill unemployed people for immediate jobs in the food and drink sector rather than use agency labour.

Sustainable use of resources

The rapidly deteriorating condition of Earth's natural resources is well publicised. The food and drink sector impacts natural resources in many ways such as the carbon footprint of the manufacturing process, packaging materials,

the sourcing of ingredient inputs, energy and water use, logistics, and waste.

We are committed to sustainable use of resources and by law to reduce Wales' carbon footprint by 80% by 2050 achieved through a series of carbon budgets. Our support to businesses will be conditional on them being increasingly carbon efficient and helping achieve A Low Carbon Wales³⁷.

We will favour support to companies which are committed to using ethically sourced palm oil in line with Welsh Government's policy³⁸.

Wales is a global leader when it comes to managing our waste. In the 20 years since devolution, we have become first in the UK, second in Europe and third in the world in recycling. Later this year we will be issuing our Resource Efficiency Strategy and Circular Economy Route Map for consultation. This will show the next steps we will take towards becoming a "zero waste nation".

How food waste is managed is a key factor in terms of reducing greenhouse gases. Our food and drink industry are a big part of our ambitions and businesses across Wales have been taking important strides to change behaviours to reduce their carbon footprint, finding alternatives for surplus food and stopping this from going to landfill and also working with our partners to get advice and support on how to use their resources more efficiently.

Taking action to be more resource efficient can save businesses money and also create new economic opportunities. We will expect the businesses we support to reduce waste in areas such as the manufacturing process and to contribute to waste reduction throughout the

³⁶ (prp.gov.wales/docs/prp/ethicalcode/codeofpracticeethicalemployment.pdf)

³⁷ (gweddill.gov.wales/docs/desh/publications/190321-prosperity-for-all-a-low-carbon-wales-en.pdf)

³⁸ (gov.wales/welsh-government-help-end-use-unethical-palm-oil)

supply chain to the end consumer in line with our forthcoming revision of Towards Zero Waste³⁹. We will consult on a target to reduce food waste in Wales – an area of both focus and opportunity. We would encourage food businesses in Wales to demonstrate their commitment to tackling food waste by connecting with Courtauld 2025⁴⁰ which is an ambitious voluntary agreement to make food and drink production and consumption more sustainable.

There are important related developments too on the horizon at the Wales, UK and European levels which will see interventions to reduce packaging and other waste including a specific requirement in Wales for businesses to separate and manage the collection of their individual waste streams. We will provide technical support and advice through Food Innovation Wales and WRAP Cymru⁴¹ working in partnership.

Healthier products

Healthy Weight: Healthy Wales Plan⁴² proposes the Welsh Government's approach to supporting people to achieve a healthy weight including through improved diet. The proposals in that consultation included specific actions relevant to the food industry which we do not repeat here.

We recognise what people eat and drink is inherently linked to their health. We will support food and drink businesses to reformulate their products and to develop where healthier formulations are possible. We will prioritise support for businesses with viable proposals for producing new or existing healthy products.

Poverty reduction

The food and drink sector and its wider supply chain are important sources of employment and jobs are integral to people's prosperity and alleviating poverty. Businesses providing Fair Work will be a corner stone of the sector's role to make Wales a prosperous and fair country. The sector's footprint across Wales places it well to provide work in communities where there are few other employment choices. Our support to create strong business clusters and networks, to add values throughout the supply chain, and to focus on business productivity improvement such as training and upskilling, are ingredients helping businesses grow and succeed and through them will help our communities flourish.

We also know that poverty is linked to poor diet and increased risks of being overweight or obese. The development of healthy eating behaviours within our early years, can be taken forward into later childhood and adult life. Children's lifestyle choices are influenced by their families and wider society, but schools can and do play a vital role in promoting positive behaviours. The Welsh Government has taken action to set standards⁴³ for food and drink provided during the school day to ensure that children are offered healthier food and drink. There is universal provision of free breakfasts in primary schools, as well as free school lunches for families on low income. The New School Curriculum review will embed experiences, knowledge and skills that lead to healthy and active lifestyles, encouraging interest in food.

We are acutely aware of the risk to children during school holidays and so we are strongly committed to the School Holiday Enrichment Programme⁴⁴, which is a programme to enrich

³⁹ (gov.wales/sites/default/files/publications/2019-05/towards-zero-waste-food-manufacture-service-and-retails-sector-plan.pdf)

⁴⁰ (www.wrap.org.uk/food-drink/business-food-waste/courtauld-2025)

⁴¹ (www.wrapcymru.org.uk/)

⁴² (gov.wales/healthy-weight-healthy-wales)

⁴³ Healthy Eating in Schools (Nutritional Standards and Requirements) (Wales) Regulations 2013.

⁴⁴ (www.wlga.wales/food-and-fun-school-holiday-enrichment-programme)

the school holiday experience of children in areas of high deprivation who might otherwise go without learning experiences, social interaction, nutritious food and physical activity. On a broader scale we will support efforts to improve people's consumption of fruit and vegetables having joined the Peas Please⁴⁵ advisory board and having already financially backed the Veg Power campaign⁴⁶.

We recognise that for some individuals and families there are day to day challenges which make achieving a healthy and balanced diet difficult. In some circumstances people may turn to food banks. Tackling these problems is beyond the scope of this strategic plan but the Welsh Government is working directly, or with other partners, to tackle these issues. However within this plan we make the commitment we will

encourage businesses to work with their communities to support initiatives to make healthy food more accessible and affordable. This will also contribute to Towards Zero Waste by preventing surplus food being sent to landfill.

Summary

We will support businesses which contribute to the well-being of Wales, benefitting our people and society. The nature and level of contribution will depend on the specific issue, the level and type of support we offer, the size and nature of the business, and the degree to which we have previously supported a business. Generally, the larger the business and/or the more support we have previously provided, the greater the contribution we will expect for us to agree support.

⁴⁵ (foodfoundation.org.uk/peasplease/)

⁴⁶ (vegpower.org.uk/)

Question 9 of 20

What is your feeling in relation to our proposals?

Question 10 of 20

Do you agree with the areas we have identified for support and the commitment we ask businesses to make?

Completely agree

Agree

Neither agree/disagree

Disagree

Completely disagree

Question 11 of 20

If you do not agree with the areas we have identified or commitments, what would you do differently?

Question 12 of 20

Is there any additional activity needed which we have not identified?

Question 13 of 20

Can you contribute to achieving our proposals?

Benefitting our People and Society Tregroes Waffles



Over 140,000 waffles a week, 7 million waffles a year – that's the staggering output from the west Wales town of Llandysul and the home of Tregroes Waffles, a delicious and distinctive brand seen all over the country from Waitrose to Transport for Wales, and even for travellers aboard Flybe flights.

"Welsh Government has done really well in recent years", says founder and Welsh speaking Dutchman Kees Huysmans who on Bonfire Night 1983 introduced his own-recipe home-made toffee waffles to the good people of Henllan Railway. "They've had the very commercial vision to help small producers like me, and created an awareness of a strong Welsh brand, making people much more open to buying Welsh."

The range increased with the creation of Milk and Dark Chocolate Waffles and now Savoury and Cheese Crackers make the perfect accompaniment to Welsh cheeses. Llandysul is the "centre of the universe" for Kees, a lovely setting for conquering

the world, and it's here that the company is expanding in the mould of John Lewis, with Kees' family selling shares each year, as he explains: "The 15 staff have part ownership in the business through a trust we've established, and that gives them a say in our future. They are ambitiously looking to build and increase capacity here, so we're working with the Development Bank of Wales to put a new structure and equipment next door where we can increase output by 400%."

BRC accreditation allows Tregroes to supply national supermarkets, as well as a myriad of independent delicatessens, coffee shops, cafés, and corner shops. They work with Food Innovation Wales on training for their Production Director, and collaborate with Wales Co-operative Centre. They're a company that's also embedded in the local community – bringing groups of school children and all ages into the bakery to demonstrate what working life is all about.

Chapter 4: Promoting Wales as a food nation

We want to create and communicate a global reputation for Wales as a food producing nation, with businesses adopting high production values which achieve independent accreditation standards, businesses which embody our values of sustainable resource use and contribute positively to our nation's well-being. We want to celebrate businesses' successes and to showcase our sector across the UK and internationally, with Blas Cymru/Taste Wales⁴⁷ being our premier event.

We will measure our success with two targets:

Target 4: 300 businesses in the food and drink manufacturing sector to hold appropriate accreditation for their business purposes by 2026.

Target 5: 95% of food and drink sector businesses to have a food hygiene rating of 4 or 5 by 2026.

High production standards

Food and drink is a highly competitive market. We must stand out for the right reasons to succeed. We see focus on adopting high production standards in food and drink businesses as essential for success. Our research⁴⁸ points to only 30% of our businesses complying with widely recognised industry food standard schemes such as SALSA and BRC. This is well below what we need to achieve our vision. Joining accredited schemes is a benchmark recognised across the UK and internationally not only of production that is safe and legally compliant but also of a professional business which has ambition to succeed. Accreditation opens doors to sales and is almost essential to enter and succeed in any significant trade with large retail and wholesale customers or to export. Businesses have not achieved accreditation for many reasons but there are common factors we aim to target – awareness of the advantages, practical knowledge and processes, management time, and cost. We will provide practical support and advice to assist businesses achieve accreditation relevant to their short and longer

term goals. Achieving and maintaining relevant accreditation will become a requirement to access much of our support.

Consumers are not aware of industry accreditation schemes but they expect food and drink to be produced to high standards backed by law and inspection. We want current standards to be maintained after Brexit and we are insistent that any imports to the UK market must be produced to an equivalent level. We will work with Food Standards Agency – Wales to secure this position as Brexit unfolds and the UK seeks trade agreements with other countries.

Consumers are well aware of the Food Hygiene Rating Scheme⁴⁹ which has high visibility on the high street. Less well known is that the same scheme applies also to food and drink manufacturing businesses in Wales. We see this as complementing our prioritisation of accreditation because a high score demonstrates the right hygiene standard in any easy to understand way. We want the sector to aim high, with hygiene ratings of 4 (good) or 5 (very good) the norm.

⁴⁷ (tastewales.com/en/)

⁴⁸ (businesswales.gov.wales/foodanddrink/about-us/barriers-accreditation)

⁴⁹ (www.food.gov.uk/safety-hygiene/food-hygiene-rating-scheme)

Our food labelling legislation originates in EU law being transferred into our law after Brexit to maintain the status quo. We are aware products on the market and consumer choices change. Where there is reason to develop the law the Welsh Government will work with the Food Standards Agency Wales and Public Health Wales to do so to ensure consumers receive clear and relevant information to make informed choices.

Provenance

We have successfully grown our basket of protected food and drink products⁵⁰ under the EU's geographic indicator schemes. Many consumers see these as a mark of quality, a product that is authentic and attractive. We see protected food and drink products as iconic products and want to have more of them. We are committed to maintain the status of these products after Brexit and also to establishing with governments across the UK a UK wide scheme that will operate to the same standard to build on our success. We will seek and support businesses to develop products which can join the new UK scheme.

Our products and businesses as a brand of our sustainable values

Consumers are increasingly interested in product provenance, ethical practices, environmental responsibility and an attractive backstory. Our Value of Welshness research⁵¹ points to potential strong selling points. We want to leverage these in ways which make obvious to trade buyers and consumers that our sector is part of a supply chain which embodies sustainable brand values which sets our food and drink apart from competitors. We will work with businesses to embed these values throughout the supply

chain, ways in which businesses can demonstrate their credentials. We will promote these values vigorously in the market to raise global awareness of Wales as a production base which lives its values.

Tourism

We believe our products can present a sense of Wales as a place and home of high quality production. There are strong opportunities through tourism. As the Welsh Government seeks to advance tourism we will build on the Food Tourism Action Plan⁵² to improve the food and drink offer to visitors, to focus on hubs in our transport infrastructure and key destinations as opportunities to promote Welsh food and drink, to impart a sense of Wales as a food nation. We see opportunities to develop business clusters which bring together the food and tourism industries.

Exports

Exports are a sales opportunity through which our businesses can grow and a way to promote Wales globally as a food nation. Exports are growing strongly in value⁵³ but we underperform compared with other countries and other regions of the UK. Through raising our profile beyond Wales and the UK, exports can build recognition and our reputation as a food manufacturing nation. Businesses which export successfully tend to be more competitive and productive which helps them thrive in the UK market too.

We plan to support businesses to pursue export markets in a systematic, planned way based on market intelligence. We will help businesses identify and target export markets and routes to them on the basis of research.

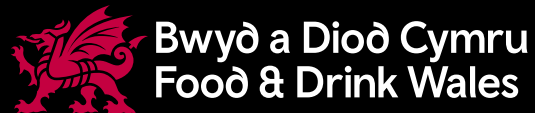
⁵⁰ (businesswales.gov.wales/foodanddrink/how-we-can-help/protected-food-names-wales)

⁵¹ (businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/value_of_welshness.pdf)

⁵² (gov.wales/food-tourism-action-plan-2015-2020)

⁵³ (businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/2019-04-04-Food-Research-Food-and-Drink-annual-exports-briefing-2018-English-WEB-%2837683%29.pdf)

Promoting Wales as a Food Nation Somerdale International



With two Queen's Awards for International Trade, Somerdale exports great tasting cheese to major retailers, wholesalers, distributors and foodservice providers in over 50 countries worldwide. The leading exporter of cheese to the US market, much of it from Wales, the company makes weekly shipments to New York, with strong sales also in the Caribbean and the Middle East.

Somerdale has representatives in the US, Australia and China, where an increasingly sophisticated market is burgeoning.

Co-founder and Managing Director Stephen Jones says: "We find the quality of Welsh produce absolutely fantastic. There's tremendously good milk in Wales which translates to good quality cheddar that travels well."

Somerdale has strategic partnerships with South Caernarfon Creameries and Abergavenny Fine Foods, who they've been working with for

some 25 years. "We enjoy very good, long-term relationships with Welsh producers", says Stephen, "they help to develop markets with us, working with us on exhibitions in Shanghai this year for example." Though half of Somerdale's Welsh cheeses go to the US, the emerging Asian markets are growing as tastes have changed in recent years, with more access to western flavours.

"Welsh dairy producers are very dedicated, they have a great passion about what they're doing. Customers like learning a little more about Wales, Wales is a great destination for travel so we like to show them a bit of the Welsh countryside when they're over."

As for working with Welsh Government, Stephen has been impressed. "Working with Welsh Government is very productive, they've been very helpful in product innovation, helping manufacturers develop new flavours for export markets."

www.somerdale.com

Our £539 million of exports are three-quarters to the EU, with our major export product lamb having even higher dependence on this market. This strong reliance on one major market and export product is a risk. We will need to adapt our approach to EU markets depending on Brexit and to focus on boosting our customers' confidence in our sector's ability to continue to produce and trade. We will look to build on new opportunities – notably the Middle East, where the air bridge to Doha has opened a new direct connection to Wales to a large and growing consumer market which seeks high quality products. Welsh Government has a network of international offices providing on the ground knowledge and reach. We will exploit this. Where we see benefit we will work with the UK Government too partnering its trade programme and using its embassy network.

In terms of specific business support, we will develop our International Trade Development⁵⁴ and Trade Opportunities⁵⁵ programmes which provide direct support to businesses, as well as our export cluster – the Export Club⁵⁶. We will provide technical advice about how to export to specific markets, and how to manage risks. We will help introduce potential buyers and distributors. We will support export manager training. We are using London as a training ground for potential exporters to cut their teeth and also we will target London as a high value, fast growing market itself. We have found that internationally recognised business accreditation is essential for businesses to have credibility. Businesses we support will need to demonstrate their commitment and credentials by having or working towards suitable industry recognised accreditation and by demonstrating a commitment to planning and delivering a successful export operation.

In international markets we will do best by positioning our products and reputation differently depending on the specific market and local perceptions of Wales and the UK, our trading history there, and the business opportunity. Our work in this area will complement Welsh Government's International Strategy.

International collaboration

Our ambition is for Wales to continue to engage positively with the world, particularly in Europe, our nearest market. We will seek to strengthen our partnerships and initiatives with nations and regions globally in line with Welsh Government's International Strategy.

Celebrating our sector and showcasing our products

We have much to be proud of. Not only has our sector grown in scale but it has increasingly produced acclaimed products winning Great Taste awards⁵⁷. Great Taste is widely recognised as worth winning and recognition of a top quality product. We will encourage businesses to enter Great Taste and other awards, and we will celebrate their success.

We will actively use our Food and Drink Wales⁵⁸ brand through all communication channels to promote our sector.

Trade shows, events, and trade development visits are excellent platforms for businesses to showcase their products and to win business. Blas Cymru will be our premier event, taking place every other year. We will select UK and international exhibitions on the basis of market intelligence so we can target the best opportunities. We will do this in conjunction with the Welsh Government's international trade team,

⁵⁴ ([businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/ITD Programme_eng.pdf](https://businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/ITD_Programme_eng.pdf))

⁵⁵ ([businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/ITO Programme_eng.pdf](https://businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/ITO_Programme_eng.pdf))

⁵⁶ ([businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/Export Club Flyer - High Res - English_0.pdf](https://businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/Export_Club_Flyer_-_High_Res_-_English_0.pdf))

⁵⁷ (greattasteawards.co.uk/welcome-to-the-great-taste-awards-2013/)

⁵⁸ (businesswales.gov.wales/foodanddrink/)

with Hybu Cig Cymru⁵⁹ which has its own specific plans to develop and market Wales' red meat sector and, where advantageous, with the UK government.

Summary

We commit to raising the food and drink sector's profile in the UK and internationally, helping businesses export and to work to the highest industry standards in ways which achieve excellent business practice supporting productivity gains, and ways which also embody

our values as a supply chain increasingly focussed on sustainability. We will find and exploit synergies with tourism and the service sector and complement work already described to create stronger networks and routes to market.

In return we expect businesses we support to commit to pursuing high production standards through recognised accreditation and top scores in the Food Hygiene Rating Scheme. We expect them to adopt sustainable brand values and to celebrate the sector's collective success.

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What is your feeling in relation to our proposals?

Question 15 of 20

Do you agree with the areas we have identified for support and the commitment we ask businesses to make?

- Completely agree
- Agree
- Neither agree/disagree
- Disagree
- Completely disagree

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If you do not agree with the areas we have identified or commitments, what would you do differently?

Question 17 of 20

Is there any additional activity needed which we have not identified?

Question 18 of 20

Can you contribute to achieving our proposals?

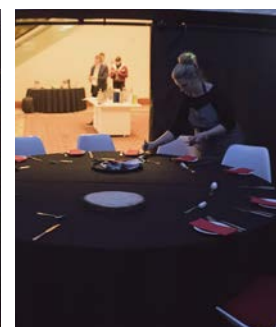
⁵⁹ (hccmpw.org.uk/en)



BlasCymru TasteWales

In March 2019, the Welsh Government hosted BlasCymru / TasteWales, our second major international trade event to show case the very best of the food and drink industry in Wales, to a national and international audience.

Blas Cymru/Taste Wales is a bi-annual event organised by the Welsh Government to bring together Welsh producers and manufacturers with Buyers from both the UK and overseas. In addition to the brokerage element there is a conference and trade exhibition promoting the Food and Drink industry in Wales.



1600
Business
Meetings



103 Producers
159 Product
launchers



116 UK
buyers
60 UK buyers in
foodservice



79 International
buyers
19 Countries
represented



Bwyd a Diod Cymru
Food & Drink Wales

Chapter 5: A partnership we seek with the food and drink sector

In achieving our vision and mission we pledge to work with and support businesses. In return for that support we ask them to make a commitment to be ambitious, to improve themselves and to offer something in return for the sector as a whole and for Wales. Many of our businesses are already delivering for Wales through the ways they are operating and others are starting the journey.

The following table is a summary of how we envisage us working with businesses in this partnership. It is organised with reference to our vision, mission, and main goals. We will develop more detail in subordinate operational plans as this strategic plan develops.

Theme	WG/Board 'offer'	Business 'commitment'
Overarching level of support	<ul style="list-style-type: none"> WG and Board will provide strong leadership and support to the industry. WG and Board will publish on-going updates of progress against targets and indicators. Support will be contingent on something for something. There will be gateways for different support levels conditional on specific commitments being met. 	<ul style="list-style-type: none"> Business to have high standards and values which are shared throughout the whole supply chain. A business will behave in ways which show leadership to other businesses.
Growing our businesses We want to increase the value of the food and drink manufacturing sector, to grow the scale of the sector, to improve productivity. We will focus on sustainable growth, not short-termism, and there must be meaningful recognition and contribution to delivering for the 'well-being' goals.	<ul style="list-style-type: none"> Build stronger supply chains by identifying and supporting links between primary production, manufacturing, through to wholesale/ service/retail. Seek to add value and to create multiplier effects. Provide direct investment and help identify third party investors or suitable finance opportunities to improve long term business productivity and greater scale. 	Businesses and other stakeholders receiving investment or support from the Welsh Government/ Board commit to: <ul style="list-style-type: none"> Take a long term planned and structured approach including strong business planning, market targeting, and improving their productivity.

Theme	WG/Board 'offer'	Business 'commitment'
	<ul style="list-style-type: none"> • Provide support for all sizes of business and start-ups. • Provide a comprehensive innovation and technical advice service. • Build the sector's collective capacity through furthering and deepening the cluster model amongst businesses. • Research new and existing markets and support the development of strong routes to market. • Attract and support foreign direct investment. 	<ul style="list-style-type: none"> • Work collaboratively with their peers and supply chains, developing strong business communities across Wales, rooted in local communities. • Have the ambition and plans to grow their scale. • Adopt recognised best practices in their business operations and development.
<p>Benefitting our people and society</p> <p>We will expect businesses we support to benefit Wales with our support a lever for achieving wider societal benefits.</p>	<ul style="list-style-type: none"> • Promote uptake of the food sector Skills Pledge. • Provide focus and co-ordination of activities to improve skills throughout the sector working with the Regional Skills Partnerships (technical skills, management and leadership skills, apprenticeships). • Promote awareness of careers in the food sector (Tasty Careers). 	<p>Businesses and other stakeholders receiving investment or support from the Welsh Government or the Board commit to:</p> <ul style="list-style-type: none"> • Provide 'fair work', and adoption of the Welsh Living Wage. • Commit to investing in employees for the long term, improving their skills and wellbeing. • Be proactive in raising awareness of the food sector as a good career and place to work.

Theme	WG/Board 'offer'	Business 'commitment'
	<ul style="list-style-type: none"> • Develop approaches to greater sector participation and commitment to industry led training and development. • Prioritise support to businesses committed to sustainability through improving: the health impact of their products; providing 'fair work'; decarbonisation of production; sustainable use of resources and waste reduction; incorporating sustainable sources of palm oil into their supply chain; engagement with school holiday enrichment programmes, and community engagement such as taking action to address poverty. • Continue our involvement with Peas Please and the Veg Power campaign. 	<ul style="list-style-type: none"> • Use resources sustainably and reduce waste and the sector's carbon footprint. • Demonstrate commitment to wider social issues such as poverty and improving public health. • Commit to 'Sustainable Brand Values'.
<p>Promoting Wales the food nation</p> <p>We will raise the profile of the food and drink industry inside and outside Wales, in ways that make it attractive and seen as something valuable that people want to buy from and identify with.</p>	<ul style="list-style-type: none"> • Provide leadership and a higher profile for the food sector in Wales, the UK, and beyond. • Support businesses to enter and grow in export markets through advice, training, planning and 'bootcamps'. 	<p>Businesses and other stakeholders receiving investment or support from the Welsh Government or the Board commit to:</p> <ul style="list-style-type: none"> • Adopt and live the 'sustainable brand values'.

Theme	WG/Board 'offer'	Business 'commitment'
	<ul style="list-style-type: none"> • Make Blas Cymru a premier international food industry event. • Celebrate and showcase success through backing entries to the 'Great Taste' and other awards. • Promote Wales through trade events and trade visits nationally and internationally. • Develop Welsh 'brand values' build on sustainability and high production standards, and drive their uptake through the sector and its supply chains. • Further food tourism and links to Wales' tourism industry and the service sector. • Market Wales as an excellent FDI opportunity. • Participate in international collaborative projects to promote Wales and its products. • Develop and promote a successor UK scheme to the EU GI schemes. • Promote uptake of industry accreditation schemes and make support contingent on their take-up. 	<ul style="list-style-type: none"> • Share ownership with WG to develop new markets in the UK and/or internationally. • Take up industry recognised accreditation.

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Do you have any other comments?

Annex 1: Targets and Indicators

In preparing this consultation many have told us the clear headline economic growth target of Towards Sustainable Growth has been a beacon driving progress. However, it is also criticised as too simplistic, overlooking other important aspects of the sector's development and impact. We agree and in response we have proposed five SMART targets framing the vision and mission, linked to the three key mission themes and proposed actions. The targets capture the main goals of the vision and mission and can be directly related to the proposed activities. There is a mix of economic targets as well as targets that reflect quality and safety and the contribution the sector can make to sustainability and the Well-being Goals. We judge that more than a handful of targets would be distracting. Given the complexity of the food and drink sector, and its relevance to so many aspects of our society, we cannot set a target for everything and hope to maintain a sense of the big picture.

In addition to the five targets, we propose to monitor a larger set of indicators to track the sector's progress in a fuller sense. These indicators do not have any associated targets, although there is a relationship between many of them and the targets themselves. Their purpose is to help us understand and monitor our progress so we can guide and develop our support as time passes and we evolve the strategic plan. We will report progress against the targets and indicators on an on-going basis as we receive new data on the Food and Drink Wales webpages⁶⁰.

How the food and drink sector is defined

By food and drink sector we mean businesses engaged in the processing and manufacture of food and drink products for human and animal consumption. We include some associated businesses which specialise in food and drink products such as food packaging, food plant machinery manufacturing, and food wholesale. We do not include food retail or tourism/hospitality industries as these are other specific foundation sectors. We do not include farming or fishing as these also are subject to separate consultation proposals and support with their own specific regulatory regimes. To track our targets and indicators we will have to strictly define the food and drink sector in terms of Standard Industrial Classification⁶¹ codes because that is standard government practice for classifying economic activity. Of course real life is more complicated than the neat distinctions we have to make to count the numbers. Our policy will be that we will consider supporting a business on the merits of the individual case even if it is on the margins of the food and drink sector and its main activity is outside our statistical definition of the sector.

Target 1: Every year the turnover value of the Food and Drink Sector will grow annually to match the change in the Consumer Price Index (CPI), plus an additional 2%.

We recommend an annual and relative target, rather than a fixed end target, because it shows whether the industry outperforms relative to the general UK economic climate and how consumer prices change. This approach takes into account the possibility that the economy falters but the food sector might still outperform in relative terms. We judge the Consumer Price Index is the measure most relevant to the food and drink sector. We accept it is not perfect but it does have a connection with sales of food and drink. The target we propose would reflect sales and success in all categories of food and drink, including exports.

⁶⁰ (businesswales.gov.wales/foodanddrink/)

⁶¹ (www.gov.uk/government/publications/standard-industrial-classification-of-economic-activities-sic)

We feel that just doing better than change in the CPI index is not ambitious enough. We propose to declare an intent to outperform by adding an additional 2% adds to our value expectation. 2% is a judgement which we feel reflects an ambitious outcome.

Target 2: The Gross Value Added (GVA) per hour worked of the food sector will grow annually.

GVA per hour worked represents a measurement of productivity. It captures all aspects of the sector's improvement – domestic and export and inward investment. We want improvement in productivity every year irrespective of how the sector's trading conditions might change.

Target 3: to increase the number of food and drink sector businesses committed to actions benefitting the people of Wales widely through:

- W having signed the Skills Pledge by 2026.
- X having signed the Courtauld Agreement by 2025.
- Y% of businesses in the sector paying all their employees at least the Welsh Living Wage by 2026.
- Z businesses contribute to the School Holiday Enrichment Programme.

This grouped target reflects business commitment to the wider needs of Wales and the population. Whilst sign up to the Skills Pledge and Courtauld 2025 is voluntary the target will be driven by businesses recognising their wider role and the 'something for something' approach of the plan. We will require businesses we support to pay all their employees the Welsh Living Wage by 2026, or to be working towards that, depending on their circumstances and the support we are offering specifically. This part of the target of course is relative to the whole food and drink manufacturing sector which would include businesses we are not supporting who might not share our ambition. Businesses already contribute to the School Holiday Enrichment Programme and our ambition is this increases.

We ask consultees to suggest what numbers w, x, y, z should represent.

Target 4: 300 businesses in the food and drink manufacturing sector to hold appropriate accreditation for their business purposes by 2026.

Only about 30% of our businesses currently hold industry recognised accreditation. This is too low. We know that earning and holding accreditation improves productivity, business growth and success. We propose aggressive focus on accreditation uptake and setting a target in recognition of that. The target would mean the number of businesses would increase by about 50% compared with now.

Target 5: 95% of food and drink sector businesses to have a food hygiene rating of 4 or 5 by 2026.

Whilst the proposed target is high, this should be possible to achieve, as 88% of manufacturers in Wales are currently rated 4 or 5. The Food Hygiene Rating Scheme applies to food manufacturing and wholesale businesses and is a benchmark of working to good standards. Ratings of 4 and 5 are the high end ratings. Our view is the sector should aim for and achieve the highest ratings and we have set a challenging target to declare that. We do not think a rating of 3 (satisfactory) is good enough to reflect the excellent standard to which the sector should aspire and so we have not included it in the target.

Indicators

Indicators are measures of progress but are not targets and our proposal is to set out a broad set of measures of whether the sector is developing in a positive way. Indicators can be reported against on an annual basis and sound data capture methods are in place to do this. We will publish updates on the Business Wales website through the life of the strategic plan to provide an on-going record of progress.

Engagement Theme	Indicator	Commentary
Growing Our Businesses	Sector turnover value	Measures the total economic value by sales of the entire food and drink sector.
	Gross Value Added (GVA)	A measure of added value.
	Number of Businesses	A measure of the sector's size.
	Business Birth Rate	Collectively these measure the economic health of the sector.
	Business Survival Rate	
	Food Business Confidence Levels	
Benefiting Our People and Society	Total Employment Numbers	A measure of the number of people employed.
	Number of businesses which sign-up to the 'Skills Pledge'	A measure that businesses recognise that a skilled workforce increases business success.
	Number of Welsh businesses signed up to Courtauld 2025	A measure that businesses are committed to reducing food waste and no-food waste during production and distribution.
	Sector reduction in Greenhouse Gas emissions	A measure of progress towards decarbonisation.
	The proportion of employees receiving the Welsh Real Living Wage or better	This contributes to the principle of fair work and is an anti-poverty measure.

Engagement Theme	Indicator	Commentary
Promoting Wales the Food Nation	Number of products winning Great Taste Awards	A measure of the sector working to a high 'quality level' and living its 'brand values'.
	Number of businesses achieving industry recognised accreditation	A measure of the sector working to a high 'quality level' and living its 'brand values'. Accreditation uptake is also linked to productivity improvements and turnover growth.
	Food Business Standards represented by a score of 4 or 5 under the Food Business Hygiene Rating Scheme	A measure of the sector working to a high 'quality level' and living its 'brand values'.
	Number and value of foreign direct investment projects in Wales	A proxy measure of external interest in and confidence in the sector.
	Exports Value	A measure of success in growing exports.

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What is your feeling in relation to the five SMART targets?