

# WELSH GOVERNMENT INTEGRATED IMPACT ASSESSMENT

<b>Title of proposal:</b>	Action Plan to support the Food & Drink Foundation Sector
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## HOW TO COMPLETE THE INTEGRATED IMPACT ASSESSMENT

This template should be used to summarise the main impacts of the proposal. In completing it, you should consider how the proposal:

- fits with the priorities and vision of *Prosperity for All*;
- can contribute to the social, cultural, economic and environmental well-being of Wales; and,
- might affect Wales and the people who live here, positively or negatively.

### Full Impact Assessments

To conduct the Integrated Impact Assessment (IIA), you will need to use some, but not necessarily all, of the full impact assessments listed below and annexed at the back of this template. The Integrated Impact Assessment will guide you to the relevant full impact assessments you need to do.

Annex	Full Impact Assessment
A	Error! Reference source not found.
B	Error! Reference source not found.
C	Error! Reference source not found.
D	Error! Reference source not found.
E	Error! Reference source not found.
F	Error! Reference source not found.
See Intranet	Justice System Impact Identification

For other assessments which do not have an assessment template provided here (for example Health Impact Assessment and Strategic Environmental Impact Assessment), please see the accompanying guidance to this Integrated Impact Assessment for further information.

## SECTION 1. WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

The Welsh Government, in collaboration with the Food & Drink Wales Industry Board, has prepared an Action Plan to communicate its commitment and support for the Food and Drink industry in Wales for 2020-2026.

The purpose of the Plan is to deliver the objective within the **Economic Action Plan** (EAP)<sup>1</sup>, published in December 2017, to develop the Food Foundation Sector to ensure that impact is maximised, and to properly address the challenges and opportunities for growth and innovation.

In doing so, it will follow on from the current Welsh Government strategy for the food and drink sector, '**Food for Wales, Food from Wales**' as well as the existing action plan, '**Towards Sustainable Growth**'<sup>2</sup>, when they expire at the end of 2019.

The Plan will centre on providing support to the food and drink manufacturing sector and closely related elements such as wholesale and food packaging. Our early engagement with industry stakeholders and other Welsh Government departments has favoured a clear focus on this sector, to ensure that our actions will realise the intended outcomes. The Plan will, however, seek to build better links to primary production and address the need to strengthen supply chains.

The direction of our support will be to encourage economic growth and improved standards through a range of interventions. The Plan will provide continuity from the headline growth target in Towards Sustainable Growth, but will also pursue a more rounded view of industry performance based on improving business productivity, competitiveness and innovation within the sector.

The Plan will also follow the shift in policy direction as set out in the EAP and enshrined in the Economic Contract to underpin the national goals of fair and sustainable growth. Through our interventions to support the food and drink sector, the Plan will contribute to the aims in the EAP of fair work, better jobs closer to home, decarbonisation, and productivity improvements through the adoption of new technologies.

Food and drink is central to us all, and so the sector touches on a wide range of social and environmental issues ranging from nutrition and food poverty, labour and skills, through to decarbonisation and waste. The Plan will set out how our public investment will follow the 'something for something' approach with a social purpose that secures added and wider value.

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<sup>1</sup> [Welsh Government website link to 'Economic Action Plan \(EAP\)'](#).

<sup>2</sup> [Business Wales website link to 'Food for Wales, Food from Wales' and 'Towards Sustainable Growth'](#).

It is not intended that all of the societal and environmental concerns relating to food will be addressed by this Plan, which will retain its focus on providing support to food and drink manufacturing. However, in acknowledging that the food and drink sector in Wales forms an important part of a broader food system, the Plan will better integrate with the wider goals of our National Strategy.

The Plan will describe how our interventions consider cross-departmental working and links to other Welsh Government strategies designed to effect change in these areas. The Plan will also include a range of targets and Key Performance Indicators (KPI) that have been selected to deliver a broader understanding of industry health and the sector's relationship to the further aims of social well-being.

The five ways of working within the Well Being for Future Generations (Wales) Act 2015 will be demonstrated in the development and implementation of the Plan.

### **Long Term.**

It is proposed that the lifespan of the Plan will be until 2026 in order to properly address the **long term** transformational changes for sustainable growth of productivity, competitiveness and resource efficiency. This includes the adoption of the Calls to Action in the EAP to deliver future proofing and future readiness.

The Welsh Government will provide direct public investment for the sector. Other interventions will target the drivers for long term change as identified through our industry and stakeholder engagement. Our programmes will include support for accessing commercial finance and private investment, penetrating priority UK and international markets, research for consumer trends and insight, and brand development for the marketing and promotion of Welsh produce.

Our initial evidence gathering emphasises the need for further investment in Project Helix and development of the Food Innovation Wales network to empower and encourage innovation and entrepreneurship. Our food centres across Wales will foster business start-ups, address knowledge gaps, support new product development, and catalyse research and development.

The building blocks are in place to promote Welsh produce as a sustainable and quality offer. Our research shows that UK consumers consider the main attributes of top Welsh brands to be natural, great quality and fantastic taste. The sector has the potential to raise the profile of Wales at home and abroad, as an important contributor to the Welsh brand, as a key element of the visitor experience in our tourism offer, and as a flag bearer through exports and foreign direct investment (FDI).

The Plan will adhere to the Sustainability Principle by promoting these strengths to improve levels of wealth and well being for the long term, and set the direction of travel in the post Brexit era.

## Prevention.

The Plan includes measures for the **prevention** of entrenched issues facing the sector, such as access to labour with the right skills. Research shows that around a third (32%) of Welsh food and drink establishments reported skills gaps, particularly in food science, engineering and commercial skills. Forecasts indicate that an additional 6,800 employees will be needed by 2025<sup>3</sup>.

Programmes such as the Skills Pledge and Tasty Careers will aim to raise the profile and perception of the industry and encourage the development of more industry led training and education. Our programmes in the valleys regions will aim to create opportunity and reduce levels of regional inequality. Working with three valleys based food companies, we are helping to develop the technical skills of those already in the sector through Food Innovation Wales, and to secure new training positions through the National Skills Academy.

Initiatives aimed towards creating business resilience, such as 'Fit for Market: London Penetration' and 'Overcoming Barriers to Exports', will help to prevent the more immediate challenges presented by our exit from the EU. Brexit has a particular relevance to food and drink manufacturing through potential tariff and non-tariff barriers, rules of origin and impact on 'just in time' logistics. The EU Transitional Fund will be used to implement a range of programmes and research designed to mitigate Brexit impacts, such as creating 'Sustainable Brand Values' and analysing 'Import Substitution' opportunities.

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<sup>3</sup> Welsh Food & Drink Manufacturing – Future Labour Requirements 2017-2025, Brookdale Consulting 2017.

## Integration

The Plan recognises the need for **integration**, by including actions that require cross Welsh Government working and links to the aims of food and drink interest groups, to deliver an agenda that goes beyond a tight focus on manufacturing growth alone. The Plan is structured by three themes that include actions for the food and drink sector which are targeted to achieve six of the Well Being Objectives in the National Strategy: Prosperity for All (see Table 1 below). A range of targets and the development of a suite of performance indicators will be used to provide a more rounded picture of industry health and deliver a more balanced measure of success.

Table 1: Link to the Well Being Objectives in the National Strategy: Prosperity for All.

The National Strategy: Prosperity for All		Food and Drink Foundation Sector Action Plan		
Theme	Wellbeing Objective	Theme	Target	Performance Indicator
<b>Prosperous and Secure</b>  Our aim is to drive a Welsh economy which spreads opportunity and tackles inequality, delivering individual and national prosperity. We will enable people to fulfil their ambitions and enhance their well-being through secure and sustainable employment. We will break down the barriers many face to getting a job, and create the right environment for businesses to grow and thrive.	<b>Objective 1:</b> Support people and businesses to drive prosperity	Developing Our Businesses	<ul style="list-style-type: none"> <li>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%.</li> </ul>	<ul style="list-style-type: none"> <li>Turnover Value</li> <li>Total number of businesses</li> </ul>
	<b>Objective 2:</b> Tackle regional inequality and promote fair work	Developing Our Businesses	<ul style="list-style-type: none"> <li>Number of food &amp; drink companies signed up to paying the Real Living Wage to their employees by 2026.</li> </ul>	<ul style="list-style-type: none"> <li>Food Business Confidence Levels</li> <li>Business Survival Rate</li> <li>The proportion of employees receiving the Real Living Wage or better.</li> </ul>
	<b>Objective 3:</b> Drive sustainable growth and combat climate change	Benefiting Our People and Society	<ul style="list-style-type: none"> <li>Number of food &amp; drink companies signing up to the Courtauld Commitment by 2026.</li> </ul>	<ul style="list-style-type: none"> <li>Number of Welsh businesses signing up to Courtauld Commitment by 2026</li> <li>Sector reduction in Greenhouse Gas emissions</li> </ul>
<b>Ambitious and Learning</b>  Our aim is to instil in everyone a passion to learn throughout their lives, inspiring them with the ambition to be the best they possibly can be. A prosperous Wales needs creative, highly skilled and adaptable people, so our education from the earliest age will be the foundation for a lifetime of learning and achievement.	<b>Objective 8:</b> Build ambition and encourage learning for life	Benefiting Our People and Society	<ul style="list-style-type: none"> <li>Number of food &amp; drink companies that have signed the Skills Pledge by 2026.</li> </ul>	<ul style="list-style-type: none"> <li>Number of businesses which sign-up to the 'Skills Pledge'</li> <li>Total Employment Numbers</li> </ul>
	<b>Objective 9:</b> Equip everyone with the right skills for a changing world	Developing Our Businesses	<ul style="list-style-type: none"> <li>The Gross Value Added (GVA) per hour worked of the food sector will grow annually.</li> </ul>	<ul style="list-style-type: none"> <li>Business Birth Rate</li> <li>Gross Value Added (GVA) per hour worked</li> </ul>
<b>United and Connected</b>  Our aim is to build a nation where people take pride in their communities, in the Welsh identity and language, and in our place in the world. We are building the vital links that make it easier for people to come together, for the economy to grow, and for us to become a confident nation at ease with itself	<b>Objective 12:</b> Promote and protect Wales' place in the world	Promoting Wales the Food Nation	<ul style="list-style-type: none"> <li>500 businesses in the food and drink sector and associated supply chain to hold appropriate accreditation for their business purposes by 2026.</li> <li>95% of food and drink sector businesses to have a food hygiene rating of 4 or 5 by 2026.</li> </ul>	<ul style="list-style-type: none"> <li>Number of products winning Great Taste Awards.</li> <li>Number and/or value of FDI projects in Wales.</li> <li>Exports Value.</li> <li>Number of businesses achieving industry recognised accreditation.</li> <li>Food Business Standards represented by a score of 4 or 5 under the Food Business Hygiene Rating Scheme.</li> </ul>

## **Collaboration**

The Welsh Government enjoys close links with the food and drink industry, and our **collaboration** with the **Food & Drink Wales Industry Board** in the development and delivery of the Plan will ensure that it is targeted and relevant.

The Food & Drink Wales Industry Board was established under the current plan, **Towards Sustainable Growth**, to act as the representative voice of the industry in Wales. The mission of the Board is to work in partnership with industry and government to help grow, promote and add real value to the Welsh food and drink sector.

The Board took shared ownership of Towards Sustainable Growth and has focussed its work under three themes of 'Business and Investment', 'People and Skills' and 'Customers and Markets'.

The Board has actively pursued the delivery of these initiatives through a series of events and industry engagement, to develop business capability in branding and marketing, to improve business links to private investment, and to produce the plan 'Transforming Skills in the Welsh Food & Drink Industry' to address labour issues.

The work of the Board has fully informed the development of this Plan, and we will continue to collaborate with our key industry partner in delivering our actions across its lifespan.

Our partnership with industry is also implemented through the **Food & Drink Cluster Network**, aimed towards removing the isolation of businesses and other actors, and connecting all to foster innovation, promote best practise, overcome knowledge barriers and encourage resource sharing.

The Cluster Network currently groups businesses around the Drinks Development Cluster, the Exports Club, the Welsh Seafood Cluster, Fine Foods Wales, the High Impact Business Cluster and NutriWales.

It is the intention of the Plan to deepen the Cluster Network, as seen through the further development of the Export Club, as an important step towards greater business resilience and capability in the post Brexit landscape.

## **Involvement**

The Welsh Government has carried out an extensive engagement exercise in order to gather the evidence required to inform the scope of the Plan. This has included the **involvement** of key trade associations, interest groups, industry providers and other

Welsh Government departments, to ensure that the decisions and actions contained in it are well informed and correctly address industry needs.

The core work of the engagement exercise has been based around one-to-one meetings, in order to facilitate a discussion of industry strengths, weaknesses, opportunities and threats, according to the stakeholder's point of interest. We have also used these meetings to review and gather opinion on the current work of the Welsh Government and Food & Drink Wales Industry Board in the sector.

This has been supported by the publication of promotional material, a dedicated webpage on the Business Wales website, and the use of social media in order to invite and encourage the contribution of views and ideas.

The engagement has fully involved the third sector, including discussions with various interest and equality groups as well as the relevant Welsh Government departments to ensure that the Plan is informed by a wide scope of opinion.

## SECTION 2. WHAT WILL BE THE EFFECT ON SOCIAL WELL-BEING?

### 2.1 People and Communities

The purpose of the Plan is to lead and support the development of the food and drink industry in Wales, and so contribute to the overarching objective in the EAP of improving levels of wealth whilst reducing regional inequalities. In doing so, the Plan will contribute towards a fairer distribution of the benefits of economic growth at both an individual level and between different parts of Wales.

The EAP identifies the food and drink industry as a Foundation Sector for support in the Welsh economy, based on:

- large numbers employed in the sector across Wales
- the essential nature of goods and services provided
- the geographical distribution of businesses across Wales
- the importance of the sector for local and rural communities.

The sector in Wales importantly helps to meet the everyday needs of people and communities across Wales, with spend on food and drink representing an unavoidable commitment of household expenditure across low and high income groups. Studies on foundation sectors shows that food and drink accounts on average for 11.3% of weekly family expenditure by UK households<sup>4</sup>. Food and drink processing is important because the supply of food and drink is central to the quality of life and security of people in Wales.

Because food and drink is a part of the infrastructure of everyday life, the sector in Wales is also significant in scale. The entire food and drink supply chain, including primary production, food and drink processing, wholesale, retail and foodservice, accounts for one in five business units and 18% of the Welsh workforce. The focus of this Plan covers food and drink manufacturing, which in itself generates a turnover of £4.8 billion, comprises 565 business units and employs 20,400 people across Wales<sup>5</sup>.

A key feature of the Welsh food and drink foundation sector is its ability to cover economic opportunities across the country, even in the most remote rural areas where local produce and entrepreneurial talent have combined to create new innovative businesses. This means the industry is well positioned to positively impact regional inequality. Interventions

<sup>4</sup> **Manifesto for the Foundation Economy** – Centre for Research on Socio-Cultural Change, November 2013.

<sup>5</sup> **The Value of Welsh Food & Drink 2017, Mid-Term Executive Report** – Brookdale Consulting.

to assist this sector will help to avoid the creation of favoured regions and will instead form part of a genuinely inclusive and national economic strategy. Promoting growth in this sector can contribute towards creating a fairer Wales.

The opportunity to positively impact peoples and communities will be maximised through the compact with industry, securing wider social and environmental gains through the delivery of business investment and support.

We will also explore how to embed the Economic Contract principles for ‘Fair Work’ and ‘Health, Skills and Learning’ to broadly spread the promotion of good business practise over the long term. Strengthening the food and drink foundation sector and improving career prospects within it will help us to build resilient communities across Wales, and ensure that the benefits of greater opportunity for decent work are more widely felt.

## **2.2 Children’s Rights**

The central purpose of the Plan is to promote sustainable economic growth in the food and drink manufacturing sector. However, there are a range of issues around food and drink that have a direct and fundamental effect on the well-being of children and young people in Wales.

Whilst it is not within the immediate scope of the Plan to address these matters as they impact on children’s rights, it is expected the Plan will touch on these issues indirectly through our interventions to support the food and drink industry.

A full Children’s Rights Impact Assessment has been completed at Annex A.

## **2.3 Equality**

The Plan will contribute to the central focus of the EAP for an inclusive agenda. Direct support for the food and drink sector will be delivered on the condition of businesses making and meeting commitments which benefit the workforce and society more widely.

Over the long term, the Plan will encourage the creation of fair opportunities and foster business practise that advances equality and better relations between people.

A full Equality Impact Assessment has been completed at Annex B.

## 2.4 Rural Proofing

The food and drink sector carries a particular relevance to rural communities, in terms of providing a direct source of employment and livelihood through the location of our businesses within rural areas and also through supply chain links to agriculture.

Our current plan, ‘Towards Sustainable Growth’, has overseen the delivery of the Food Business Investment Scheme (FBIS) under the EU funded Welsh Government Rural Communities – Rural Development Programme 2014-2020. The purpose of the scheme was to help deliver added value for primary producers in Wales, by encouraging growth in food and drink processors that use agricultural produce.

The scheme specifically targeted food and drink micro, small and medium enterprises (SME), to maximise their potential to innovate and so enhance rural economies. This included capital investment to improve business productivity and competitiveness as well as support projects to help businesses diversify, respond to consumer demand and exploit new markets. The pro-business approach under FBIS has seen the delivery of nearly £111.7 million in new capital projects.

Under the new Plan, we will continue to invest in and support Welsh food and drink businesses, seeking to strengthen supply chains and add value to primary products, towards improving rural economic resilience.

The Plan will also support the objective in ‘Brexit and our Land’ to help improve rural business resilience through diversification. ‘Brexit and our Land’ identifies diversification as an important means for land managers to strengthen their enterprises by developing new income streams. The Plan will include measures to encourage businesses to take hold of opportunities in the food and drink supply chain.

The Food Tourism Action Plan for Wales is due to expire at the end of 2019. Food and Tourism are closely related and have a particular importance for the Welsh economy, especially within rural areas. Food is an essential part of the tourism offer, with high standards of local produce, and quality places to eat and drink, as a key part of the visitor experience.

Tourism is also a Foundation Sector for the Welsh economy, and so the Plan will take full advantage to adopt a joined up approach between the food and tourism sectors. We will better align our investment and assistance programmes to realise opportunities to strengthen local supply chains, raise the profile of our food and drink at key tourist venues and events, and improve links to the food service sector.

Full Rural Proofing Impact assessments will be considered as we develop specific actions further under the Plan.

## **2.5 Health**

### **2.5a How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal impact health determinants?**

As we develop the Plan further, we will explore ways of targeting and attaching conditions to government assistance to influence continuous improvement in business practise across Wales over the long term. In order to access business support, employers will have to evidence their commitment to developing the skills and abilities of their workers as well as business policies that support physical and mental wellbeing.

The Welsh Government's strategy 'Healthy Weight: Healthy Wales' describes the circumstances where being overweight or obese in Wales is normalising, with people's ability to recognise what is a healthy weight reducing and people finding it more difficult to take steps to lose or maintain a healthy weight. Studies show that the prevalence of overweight and obesity is significantly higher in Wales than in England or in any of the English regions. Obesity in particular is highlighted in the strategy as a leading cause of several major health conditions.

The Plan will support the Welsh Government's initiatives within 'Healthy Weight: Healthy Wales' to address this issue. Through our Food Innovation Centres we will provide our food and drink manufacturers with the technical direction and processing advice needed to consider nutrition and diet in product formulation. Food Innovation Wales will help the industry respond to consumer demand and to any potential increased regulation, as demonstrated by the 'Sugar Tax' levy, by encouraging new product development and supporting legislative compliance.

### **2.5b. Could there be a differential health impact on particular groups?**

The Economic Contract seeks to influence business culture and standards of business practise as it affects all groups of people.

The Welsh Government's strategy, 'Healthy Weight: Healthy Wales' recognises that the causes of obesity are complicated and embed in a range of societal issues. As such, the strategy includes actions that apply to different groups of people in Wales, towards reducing barriers and improving healthy behaviours. In support of this, the Plan will

continue to develop the reach and scope of services provided by the Food Innovation Centres to businesses across all sectors of food and drink processing.

A more detailed assessment of the impacts will not be carried out as a part of this review as these are more fully described in wider government policy, within the EAP and ‘Healthy Weight: Healthy Wales’.

## **2.6 Privacy**

The Plan will not seek to alter the way in which the Welsh Government collects and handles information from the businesses, organisations, and individuals that we interact with. All current legislation that regulates data protection and freedom of information will be fully respected and adhered to in all aspects of our interventions to support the food and drink sector.

## SECTION 3. WHAT WILL BE THE EFFECT ON CULTURAL WELL-BEING AND THE WELSH LANGUAGE?

### 3.1 Cultural Well-being

#### **3.1a How can the proposal actively contribute to the goal to promote and protect culture and heritage and encourage people to participate in the arts sports and recreation? (for Welsh Language see section 3.2)**

Trade in global markets for Welsh food and drink represents an important opportunity to promote our culture and raise the international profile of Wales as a nation. However, the decision to leave the European Union has created an uncertain future, and carries the threat of reducing the competitiveness of Welsh produce in our key export markets.

Over three quarters of our food and drink exports are to the EU, and this is even higher for some produce including lamb and shellfish. Brexit may also bring greater pressure to grow our market share within the UK, with more than 90% of our food and drink currently sold to England.

Our research and engagement with industry suggests the need for branding to project the Welsh identity and culture more strongly, for promotion that delivers an essential point of difference. We need to overcome confusion about Wales outside of the UK and a lack of awareness of Welsh food and drink in global markets. This cannot be achieved by promotion that focusses on quality alone.

Building on foundations of high standards in food safety and animal welfare, Wales can capitalise on its green credentials, landscape and natural resources to deliver a unique selling point around authenticity, sustainability and provenance. Our work under the Sustainable Brand Values project will aim to capture our culture, language and landscape to help build a knowledge of Wales internationally.

This will underpin our promotion of Welsh food and drink at UK and International Trade Events, Trade Development Visits and our Blas Cymru / Taste Wales event to encourage growth in exports, foreign and direct investment and support our tourism offer.

**3.1b Is it possible that the proposal might have a negative effect on the promotion and protection of culture and heritage, or the ability of people to participate in arts, sport and recreation? If so, what action can you take to avoid or reduce that effect (for example by providing alternative opportunities)?**

Our initial engagement exercise to inform the development of the Plan has not identified any negative impacts for cultural well-being.

**3.2 Welsh Language**

The Plan directly supports business success and economic growth, which help to create the opportunities and social conditions where Welsh speakers can stay in Welsh-speaking communities, or return to those communities.

The geographical spread of food and drink businesses across Wales aligns to the regional approach of the EAP to strengthen local communities and so contribute to the target of one million Welsh speakers by 2050.

A full Welsh Language Impact Assessment has been completed at Annex B.

## SECTION 4. WHAT WILL BE THE EFFECT ON ECONOMIC WELL-BEING?

### 4.1 Business, the general public and individuals

The central aim of the Plan is to encourage economic growth in the Welsh food and drink foundation sector, by delivering the support our businesses need to be innovative, efficient, competitive and profitable. In doing so, the Plan will also align to the wider goal of the Economic Action Plan for growth with a purpose – inclusive growth – that contributes to improving levels of wealth and well-being across Welsh regions.

For this reason, the Plan includes measures to promote resilient and sustainable growth in the sector, to help our businesses adapt and prepare for long term future challenges of climate change, increasing consumer expectation, post Brexit uncertainty, and greater penetration in global markets. In this way the Plan will support the aim in the EAP of pursuing prosperity for all by building an economy on strong foundations.

Our support to Welsh food and drink businesses will build on the achievements of the current plan, ‘Towards Sustainable Growth’, with its headline target of increasing turnover in the sector by 30% to £7 billion by 2020. In 2018, the value of turnover in the food and farming priority sector reached £6.8 billion<sup>6</sup>, with manufacturing sector growth in Wales from 2013 achieving higher levels than the UK<sup>7</sup>.

Welsh food and drink manufacturing turnover accounts for a growing proportion of total UK sector turnover, rising to 5.5% in 2016<sup>9</sup>, reflecting Wales’ continued improvement. Survival rates for new start-ups for the sector in Wales are among the highest in the UK, with the 5 year survival rate in Wales being 56% in 2016 compared to a UK rate of 45%<sup>9</sup>.

Producers across the sector are showing the drive and aspiration to trade outside of domestic markets, and are demonstrating a willingness to collaborate through the Cluster Network to overcome barriers to growth. The value of food and drink exports increased by £91.8 million or 21.1% in 2017, compared to a 9.9% increase for the UK over the same period<sup>9</sup>.

The sector in Wales can boast a variety of business types ranging from artisan to multi-national, and covering a range of produce that is increasingly moving beyond traditional sub-sectors. Some of our producers have successfully developed strong, premium and iconic brands to reflect the strength of diversity and innovation in Wales. Provenance and

<sup>6</sup> Economic Appraisal of the Welsh Food & Drink Sector 2018 – Knowledge & Analytical Services, Welsh Government

<sup>7</sup> The Value of Welsh Food & Drink 2017, Mid-Term Executive Report – Brookdale Consulting.

the great stories associated with Welsh businesses provides for strong distinct branding and the opportunity for market penetration.

The focus of the Plan will be to help drive this success forwards through a range of interventions, grouped around three themes designed to promote transformational change in the sector. These themes and the initiatives within them are fully described in the consultation.

## **1. Growing our Businesses**

Actions reflect a broad sense and understanding of economic health and productivity, by promoting the key drivers for sustained business growth.

Indicators to measure the ongoing performance of Welsh food and drink manufacturing, and to measure the impact of the Plan will include:

- Turnover value
- Gross value added (GVA)
- Total number of businesses
- Business birth rate
- Business survival rate
- Food business confidence levels

## **2. Promoting Wales the Food Nation**

Actions will seize and maximise the opportunity to promote Wales as a place for high quality, authentic, sustainable and great tasting food and drink. Programmes for brand development and measures to drive up industry standards will underpin market promotion, tourism, exports and FDI.

Improvement within the food and drink foundation sector and the impact of the Plan across these areas will be measured by:

- Number of products winning Great Taste Awards
- Number of businesses achieving industry recognised accreditation, equivalent to SALSA or better.
- Food Business Standards represented by a score of 4 or 5 under the Food Business Hygiene Rating Scheme.
- Number and value of FDI projects in Wales
- Exports Value

### **3. Benefiting our People and Society**

Delivering for the ‘something for something’ model of engagement with industry, actions will touch on the wider social and environmental issues relating to food and drink in Wales.

The impact of initiatives within the Plan to support positive business practise and behaviour will be measured by:

- Total employment numbers within the food and drink foundation sector.
- Business sign-up to the industry ‘Skills Pledge’.
- Business sign-up to the Courtauld Commitment delivered by WRAP.
- Number of business committed to paying the Real Living Wage or better.
- Sector reduction in Greenhouse Gas (GHG) emissions.

Delivering for the Economic Action Plan will include adopting the new relationship between government and business together with the new ‘something for something’ model for public investment and business support. The Economic Contract and Calls to Action outline how government intervention can win gains that underpin the Well-being Objectives in the National Strategy and promote the future readiness of the economy in Wales.

Including this method of industry engagement in the Plan will allow for further developing the approach already followed under the Food Business Investment Scheme. Public funding through the scheme was linked directly to the wider goals of the Rural Development Plan for Wales, and sought to achieve gains across a range of issues including decarbonisation, use of resources, use of the Welsh language, skills development and promotion of the living wage.

We will continue to explore how to apply the new method of delivering business support as it relates to the food and drink foundation sector.

The Plan will include clear headline goals in order to fully describe the intended impact for food and drink Wales. The consultation proposes the following:

- Every year, the turnover value of the Food Foundation Sector will grow to match the change in CPI plus an additional 2%.
- Annual growth in Gross Value Added (GVA) per hour worked.
- For 500 businesses within the Welsh food and drink supply chain to hold appropriate industry accreditation.
- Targets for food and drink business sign-up in Wales to the industry ‘Skills Pledge’, the Courtauld Commitment 2025, and to paying the Living Wage.

## 4.2 Public Sector including local government and other public bodies

The current strategy for the food and drink industry, ‘Food for Wales, Food from Wales’ highlights that the public sector in Wales spends over £70m on food, £20m of which is spent on the procurement of fresh food<sup>8</sup>.

Wider support delivered through the Plan will also help Wales-based businesses compete with greater confidence for public sector procurement contracts.

## 4.3 Third Sector

Through the new method of engaging with business, the Plan will encourage greater levels of collaboration between government, the food and drink industry, academia, and third sector organisations. Links between businesses in Wales to initiatives within the third sector will be encouraged, as a way to improve impacts across the food system on issues such as food poverty, waste and efficiency.

## 4.4 Justice Impact

There is no intention within the Plan to bring forward new primary legislation. Any actions or initiatives across the lifespan of the Plan that have any other impact on the justice system will be separately assessed.

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<sup>8</sup> [Business Wales website link to ‘Food for Wales, Food from Wales’ and ‘Towards Sustainable Growth’](#).

## SECTION 5. WHAT WILL BE THE EFFECT ON ENVIRONMENTAL WELL-BEING?

Under Section 9 of the Environment (Wales) Act 2016, the Welsh Ministers are required to prepare, publish and implement a natural resources policy and to take all reasonable steps to implement it and to encourage others to take such steps. The [Natural Resources Policy](#) was published in August 2017.

**You will need to consider and, where required, complete the following assessments** to ensure all reasonable steps have been taken:

<b>Required for all proposals:</b>	<ul style="list-style-type: none"> <li>Natural Resources Policy national priorities, challenges and opportunities</li> </ul>	5.1a 5.1b
<b>Required for all proposals</b>	<ul style="list-style-type: none"> <li>Biodiversity</li> </ul>	5.2 and Annex F
<b>Required for all proposals</b>	<ul style="list-style-type: none"> <li>Climate Change</li> </ul>	5.3
Certain plans and programmes requiring SEA under the Environmental Assessment of Plans and Programmes (Wales) Regulations 2004	<ul style="list-style-type: none"> <li>Strategic Environmental Assessment</li> </ul>	5.4 and IIA Guidance
Proposals which may affect a Special Area for Conservation or a Special Protected Area (SAC/SPA):	<ul style="list-style-type: none"> <li>Habitats Regulations Assessment</li> </ul>	5.5 and IIA Guidance

<p>Certain projects relating to town and country planning; transport; agriculture; forestry; marine, land drainage; and electricity which require EIA under the various EIA Regulations</p>	<ul style="list-style-type: none"> <li>• Environmental Impact Assessment</li> </ul>	<p>5.6 and IIA Guidance</p>
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## 5.1 Natural Resources

### 5.1a How will the proposal deliver one or more of the National Priorities in the Natural Resources Policy (NRP)?

- Delivering nature-based solutions;
- Increasing renewable energy and resource efficiency; and in doing so,
- Taking a place based approach.

The availability of high quality natural resources and healthy ecosystems in Wales is the central pillar for the productive capacity of our food supply chain. Closely associated with our national identity, our environment supports the green and natural perception of Welsh food and drink, and can provide the sustainability credentials needed to win appeal in a competitive marketplace.

However, the SoNaRR<sup>9</sup> (the statutory assessment of the state of natural resources) highlights that none of our ecosystems are fully resilient. For this reason the Plan will support the national priority of 'increasing renewable energy and resource efficiency' as well as contributing to 'taking a place based approach'.

The Welsh Government's proposal of support to the agricultural sector, 'Brexit and our Land' published on 10 July 2018, rightly boasts that Wales is the source of one of the best grass fed livestock production systems in the world. This is reflected in our food and drink manufacturing sector, with our sub-sectors showing strength in red meat and dairy.

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<sup>9</sup> [Natural Resources Wales website link to The State of Natural Resources Report \(SoNaRR\) 2016.](#)

In 2016, the red meat sector accounted for 26.6% of total food and drink manufacturing turnover in Wales<sup>10</sup>.

More widely, consumers are demanding more socially and environmentally responsible food choices. Research shows that 81% of consumers say they are more likely to buy from a brand with a positive approach to sustainability<sup>11</sup>. Trade buyers in retail, wholesale and the food service sector are responding, and to satisfy their Corporate Social Responsibility (CSR) obligations will seek out suppliers that can meet these ends.

This trend is reflected in the British Retail Consortium's (BRC) recent launch, on 13 March 2018, of their sustainability action plan, 'Better Retail, Better World'.

Against this background, the Plan will support sector growth in a way that reduces pressure on the resources we depend on for our food; by promoting the better management of energy, water and waste. By using levers of public investment and business support, the Plan will encourage food and drink manufacturing to meet higher consumer expectation and contribute towards a low waste and low carbon society.

In this way, the Plan will support the goals of the Natural Resources Policy (NRP) and Environment (Wales) Act 2016, to promote sustainable management of natural resources in Wales. A placed based approach will be delivered through measures to promote resilience in rural areas for food and drink businesses and to support our farmers and land managers to create new income streams through diversification.

### **5.1b Does the proposal help tackle the following national challenges and opportunities for the sustainable management of natural resources?**

The Economic Action Plan outlines how encouraging transition towards a low carbon economy can lead to opportunities to increase business productivity and competitiveness. For this purpose, the Plan includes a focus on fostering innovation, the adoption of new technology and R&D to help reduce the ecological footprint of the food supply chain.

The current strategy for the industry 'Food for Wales, Food from Wales' highlights that food in its entirety accounts for 20% of the ecological footprint in Wales, with food and drink related sectors together having the largest commercial use of water<sup>12</sup>.

<sup>10</sup> **Economic Appraisal of the Welsh Food & Drink Sector 2016** – Knowledge & Analytical Services, Welsh Government

<sup>11</sup> **Doing Better Business: Opportunities for Welsh food and drink manufacturers in responsible & green growth** – Food and Drink Wales – March 2017.

<sup>12</sup> [Business Wales website link to 'Food for Wales, Food from Wales' and 'Towards Sustainable Growth'](#).

Welsh Government investment will target businesses seeking to improve their processes to achieve reductions in resource and energy consumption, better waste management, and the adoption of renewable energy. In directing our support towards these goals, we can help our businesses to become leaner, cost effective and competitive.

Direct public funding for the sector is currently delivered through the Food & Drink Investment Scheme (FBIS). To enter the scheme, businesses need to evidence how they will reduce energy and water usage, and reduce or add value to waste. Food and drink businesses are positively encouraged to engage with WRAP Cymru to address issues of food waste, packaging and decarbonisation. The Plan will continue and develop this approach by delivering for the goals of the Economic Action plan in the Calls to Action

The Plan will also deepen and expand the food and drink Cluster Network, to maximise the opportunity for knowledge sharing and communication between businesses. Through the Cluster Network, the Plan will help to build collaborative relationships that foster an innovative and entrepreneurial culture and promote the adoption of best practise across the sector. The Cluster Network will support businesses to build the sustainability reputation needed to attract buyers with the same share values.

## **5.2 Biodiversity**

A full Biodiversity Impact Assessment has been completed at Annex F.

## **5.3 Climate Change**

Climate change has been identified as one of the biggest threats facing our future generations. We need to reduce our emissions through decarbonisation action (5.3a) and to adapt to the impacts of climate change by increasing our resilience (5.3b).

### **5.3a Decarbonisation**

**How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal affect emissions in Wales?**

The Welsh Government's consultation, 'Achieving our low-carbon pathway to 2030', published on 12 July 2018, recognises that food production is vital for our nation and our land.

The consultation highlights that manufacturing and construction in Wales accounted for 2.8% of total emissions in 2016, to which the food and drink sector was a significant contributor.

The Plan will continue existing interventions to encourage businesses to decarbonise. Following the publication of the Economic Action Plan, the Environmental Protection

Scheme (EPS) was one of a number of schemes consolidated into the Economy Future Fund (EFF). The Plan will deliver for the EAP by adopting the new model of direct financial support to encourage businesses to decarbonise.

The Plan will measure the performance of the food and drink industry by including sector reduction in Greenhouse Gas (GHG) emissions as a performance indicator.

We have not undertaken an assessment using the HM Treasury Green Book Greenhouse Gas valuation methodology as the interventions in this Plan will support existing Welsh Government policy in the Economic Action Plan and Decarbonisation Strategy.

### 5.3 b Adaptation

**How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal affect ability to adapt to the effects of climate change?**

*Adapting to climate change means being prepared for effects such as increased temperatures, stronger winds, rising seas and more rain. Does the proposal help adapt to these changes or might it make matters worse?*

We will encourage businesses to adapt to future challenges and enable them to compete and profit. Healthy, capable and innovative businesses in the food and drink sector will improve resilience and help embed adaptability to climate change and climate shocks in the food supply chain.

Businesses seeking financial investment from the Welsh Government will be required to evidence proposals that either work towards becoming carbon light, demonstrate innovation, develop exports, encourage skills development or include the adoption of new technologies.

The Food Innovation Wales network will help navigate businesses through a complex range of food related issues, from nutrition and dietetics, environmental health, new product development, factory and workplace design, quality assurance, hygiene, food safety, and marketing and efficiency.

The network provides a vital link between the food and drink sector, academia and research institutes in Wales, to help develop more resilient, innovative and adaptable businesses.

## **5.4 Strategic Environmental Assessment (SEA)**

Having referred to the integrated impact assessment guidance, a Strategic Environmental Assessment is not required.

**Please explain your decision about whether or not an SEA is required by law.**

## **5.5 Habitats Regulations Assessment (HRA)**

A Habitats Regulations Assessment (HRA) is not required by law as the Plan will not impact on the Natura 2000 European protected site network.

## **5.6 Environmental Impact Assessment (EIA)**

An Environmental Impact Assessment is not required as the Plan will not include actions that directly change the use of land.

## SECTION 6. RECORD OF FULL IMPACT ASSESSMENTS REQUIRED

<b>Impact Assessment</b>	<b>Yes/No</b>	<b>If yes, you should</b>
Children's rights	Yes	Complete the Children's Rights Impact Assessment below.
Equality	Yes	Complete the Equality Impact Assessment below
Rural Proofing	No	Complete the Rural Proofing Impact Assessment below
Health	No	Refer to the Integrated Impact Assessment Guidance
Privacy	No	Complete the Privacy Impact Assessment below
Welsh Language	Yes	Complete the Welsh Language Impact Assessment below
Economic / RIA	No	Refer to the Integrated Impact Assessment Guidance
Justice	No	Complete the Justice System Impact Identification form on the intranet
Biodiversity	Yes	Complete the Error! Reference source not found. below
Climate Change	No	Refer to the Integrated Impact Assessment Guidance
Strategic Environmental Assessment	No	Refer to the Integrated Impact Assessment Guidance
Habitat Regulations Assessment	No	Refer to the Integrated Impact Assessment Guidance
Environmental Impact Assessment	No	Refer to the Integrated Impact Assessment Guidance

## SECTION 7. CONCLUSION

(Please note that this section will be published)

### 7.1 How have people most likely to be affected by the proposal been involved in developing it?

One of the main achievements under the current plan to support the Welsh food and drink sector, 'Towards Sustainable Growth', was the creation of the Food & Drink Wales Industry Board. The Board have taken shared responsibility for delivering the actions within the current plan and have continued to act as the representative voice for promoting the interests of Welsh food and drink businesses.

The range of expertise and knowledge represented across the sector, together with a central mission to help grow, promote and add real value to Welsh food and drink, has allowed the Board to very effectively act as our key partner in developing the Plan. A close collaboration has ensured that our work has been fully informed to minimise unintended impacts and ensure that the Plan is targeted and relevant.

We have also sought to capture a wide range of views and opinion through an extensive engagement exercise during 2018, to gather the evidence required to form the scope and focus of the Plan. This has included key trade associations, interest groups, industry providers and other Welsh Government departments, to ensure that the Plan correctly address industry needs.

One-to-one meetings and engagement events with stakeholders have facilitated discussion for a better understanding of the strengths, weaknesses, opportunities and threats for the sector in Wales. The involvement of third sector groups has very importantly provided a better knowledge of the food system and the wider scope of issues that touch on food and drink.

Our engagement has been supported by the publication of promotional material, a dedicated webpage on the Business Wales website, communications through the Newyddlen Bwyd a Diod Cymru' / Food and Drink Wales Newsletter, and the use of social media in order to invite and encourage the contribution of views and ideas.

This assessment will be developed further, prior to formal consultation, by engaging with protected characteristic groups, representatives of children's rights and Welsh language organisations.

## 7.2 What are the most significant impacts, positive and negative?

The central purpose of the Plan is to encourage growth in the Welsh food and drink foundation sector, in turn delivering for goals in the Economic Action Plan by encouraging innovative, efficient, competitive and profitable businesses in Wales. In this way the Plan will aim to realise positive impacts across the sector towards the wider Welsh Government for a fairer Wales, where benefits of inclusive economic growth and improved levels of wealth are felt across all parts of Wales.

The main impact of the Plan will be economic, building on successes achieved under ‘Towards Sustainable Growth’, and including measures to promote resilient and sustainable growth in Welsh food and drink manufacturing. The Plan will help our businesses to adapt and prepare for long term future challenges and so will contribute to the purpose of EAP to pursue prosperity for all by building an economy on strong foundations.

The Plan takes up the shift in approach within the EAP towards supporting the foundation sectors in the Welsh economy that deliver for the everyday needs of Welsh communities. Our food and drink sector is important because it supplies goods and services that are essential to the quality of life and security of people in Wales.

The food and drink supply chain is significant in scale, accounting for one in five business units and 18% of the Welsh workforce. Food and drink manufacturing is the central link in this chain, drawing our primary producers together with retail and food service.

The sector’s impact is its potential to generate opportunity and wealth across the all parts of the nation, including rural areas where the rise of artisan businesses and SMEs reflects the strength of innovation and entrepreneurship in Wales. Food and drink processing provides an avenue for the talent in Welsh agriculture to diversify.

Promoting growth in the sector can provide gains in reducing regional inequality and, in so doing, will help deliver the place-based approach for the creation of ‘better jobs closer to home’. This includes potentially providing positive impacts for the Welsh language, and the target of one million Welsh speakers by 2050, by helping to improve opportunities in Welsh speaking communities through the strengthening of local economies.

Trade in global markets, FDI and links to tourism for Welsh food and drink represents an important opportunity for the promotion of our culture and to raise the international profile of Wales as a nation. Building on high standards in food safety and animal welfare, Wales can capitalise on its green credentials and landscape to deliver a unique selling point around authenticity and provenance. Brand development can help build the knowledge of Wales’ place in the world.

Our natural resources and diverse ecosystems are closely linked to Welsh national identity, forming the foundation of the productive capacity of our food supply chain, and a perception of Welsh food and drink as natural and sustainably produced. The focus of the Plan on raising levels of productivity, improving processing efficiency and reducing waste will help reduce pressure on these resources and protect biodiversity.

In so doing the Plan will seek to integrate with wider Welsh government policy delivery, such as 'Achieving our low-carbon pathway to 2030' and 'Brexit and Our Land', as well as to improve business links with third sector initiatives, such as the Courtauld Commitment 2025 and food redistribution schemes such as Fare Share Cymru.

Wider integration will also include measures in the Plan to compliment the Welsh Government's obesity strategy 'Healthy Weight: Health Wales'. Through the Food Innovation Wales network we will provide our food and drink manufacturers with the technical direction and processing advice needed to consider nutrition and diet in product formulation, and to respond to changes in regulation.

Measures in the Plan to address the availability of labour with the right skills, through the Skills Pledge and Tasty Careers programmes, will promote opportunities to enter the sector and for career development within it. The criteria for 'Fair Work' and 'Promotion of Health, Skills & Learning in the Workplace' will help reduce the barriers to decent work, encourage workplace diversity, and support the adoption of the Living Wage.

In this way, the Plan will indirectly promote standards in business behaviour in the long term that will foster inclusive opportunity, and so help to provide positive impacts for people with protected characteristics. This impact will be supported through the Food Innovation Network, in helping business to meet an increasingly sophisticated and personal consumer demand, including dietary requirements and food intolerance, and so satisfy a growing need for food and drink to satisfy people's lifestyle choice.

Through our engagement and evidence gathering to direct the focus of the Plan, we were able to group issues and actions around three main themes, designed to promote transformational change in the sector.

- Growing our Businesses
- Promoting Wales the Food Nation
- Benefiting our People and Society

These themes and the initiatives within them are fully described in the consultation.

## **7.2 In light of the impacts identified, how will the proposal:**

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

The proposal closely supports the objectives of the Economic Action Plan in providing an enabling plan for the food and drink foundation sector in Wales. In doing so the Plan directly underpins three of the four themes in the National Strategy: Prosperity for All, and delivers actions that contribute towards six of the twelve well-being objectives.

By including actions that require cross-departmental working and engagement with food and drink stakeholder groups, the Plan will support an agenda that goes beyond a tight focus on manufacturing growth alone. Section 1 of this assessment further describes how the Plan will integrate into the hierarchy of Welsh Government strategy. The consultation outlines how the Plan contributes to all seven of the well-goals in the Well Being of Future Generations (Wales) Act 2015.

By engaging with colleagues and teams across the Welsh Government, to discuss the full range of issues relating to the food and drink sector, we have sought to mitigate the risk of unintended impacts. This assessment will continue to be developed as the Plan is published for formal consultation, allowing for a further engagement with views and ideas across the food and drink supply chain.

## **7.3 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?**

A range of targets and the development of a suite of performance indicators will be used to provide a more rounded picture of industry health and deliver a more balanced measure of success. These have been identified and agreed through engagement with our Knowledge and Analytical Services (KAS) and through commissioning consultants, and more fully described at Section 4 in this assessment.

These targets and indicators will form the basis of understanding the impact of interventions in the Plan across its lifespan, and will facilitate regular review and evaluation.

## SECTION 8. DECLARATION

### Declaration

I am satisfied that the impact of the proposed action has been adequately assessed and recorded.

Name of Senior Responsible Officer / Deputy Director: ..... **David Lloyd-Thomas**

Department: ..... **Food Division (ESNR)**

Date: ..... **28 April 2019**

## FULL IMPACT ASSESSMENTS

### A. CHILDREN'S RIGHTS IMPACT ASSESSMENT

#### 1. Describe and explain the impact of the proposal on children and young people.

The Plan has been developed with due regard to The Rights of Children and Young Persons (Wales) Measure 2011 and The United Nations Convention on the Rights of the Child (UNCRC).

Our evidence gathering exercise during 2018 revealed the potential for indirect positive impacts for the well-being of children and young people arising from measures to support the Food and Drink Foundation sector. Our businesses are embedded in local economies across Wales and offer the opportunity to underpin the agenda in the EAP to tackle regional inequality and improve levels of wealth fairly over the long term.

Results of our engagement also highlighted a real concern for where the next generation of workers in the food and drink industry are coming from. The availability of labour with the right skills is a core issue for growing SMEs, stressing the importance of programmes that attract interest among young people for career opportunities within the sector.

Engagement showed there is also a growing lack of understanding and connection with the food chain arising from changing social behaviours, convenience and on the go consumption. Whilst studies show that 76% of consumers across the UK try to lead a healthy lifestyle<sup>13</sup>, the Welsh Government's consultation 'Healthy Weight; Healthy Wales' importantly highlights the very immediate issue of child obesity, with its particular relevance to Wales. In this context, initiatives to help our businesses adapt to consumer demand can also serve to contribute to wider Welsh Government policy to improve the health and well-being of children.

To insure this assessment is well informed, we intend to engage more widely and directly with groups representing the interests of children and young people, particularly across the formal consultation process.

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<sup>13</sup> Winning for Wales & Winning in Wales: A consumer driven perspective – Kantar World Panel – March 2017.

## 2. Explain how the proposal is likely to impact on children's rights.

Fostering and promoting growth in the food and drink sector will contribute to the aims in the EAP of creating a growing, sustainable and inclusive economy. In this way, our actions to support the sector will to some measure support **Article 27** of the UNCRC for children to have a right to a standard of living that is good enough to meet their physical and mental needs. Interventions to help create successful food and drink businesses will positively support improved opportunity within urban and rural areas alike. This will underpin the aims in the EAP of 'better jobs closer to home' within the industry, and so indirectly contribute to improving the circumstances of children through helping to strengthen the communities they live in.

The Plan will include actions towards addressing the industry issue of sufficient labour with the right skills. The Food & Drink Wales Industry Board canvassed the opinion of businesses through two skills conferences, held in late 2017 and early 2018. Only 7% of companies reported that they have all the skills they need now (45 responses) and none stated that they have all the skills they need for the future (47 responses)<sup>14</sup>. The Plan will seek to raise the awareness of career and training opportunities within food and drink manufacturing through Tasty Careers Wales, and will foster engagement between businesses and education providers through the Skills Pledge. In this way, the Plan will touch on **Article 29** of the UNCRC for education to develop each child's personality and talents to the full.

In Wales, around a quarter of children (27.4%) aged 4-5 years old are classified as overweight or obese. The Welsh Government's strategy for tackling the issue of obesity in Wales is outlined in 'Healthy Weight: Healthy Wales', which was published for formal consultation from 17 January 2019 to 12 April 2019. Our Plan to support the food and drink sector will help to deliver for the obesity strategy in encouraging businesses to reformulate by providing increased support through the Food Innovation Wales network. Through this work it is expected that the Plan will contribute to **Article 24** of the UNCRC for children to have the right to good quality health care and to clean water, nutritious food and a clean environment so that they will stay healthy.

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<sup>14</sup> Welsh Food & Drink Manufacturing – Future Labour Requirements 2017-2025, Brookdale Consulting 2017.

## B. EQUALITY IMPACT ASSESSMENT

### **1. Describe and explain the impact of the proposal on people with protected characteristics as described in the Equality Act 2010.**

The plan will adopt the aims of fostering inclusive and fair opportunity within the food and drink foundation sector. Whilst the interventions and actions contained in the Plan do not specifically target protected characteristics, it will direct our levers of public support towards promoting standards in business behaviour that will positively impact these groups.

Our measures of support will focus on improving business capability and innovation to help them succeed in a market place where consumer demand is increasingly sophisticated. Analysis of consumer behaviour shows that decisions are trending towards food and drink that meets their lifestyle choice or religion. There is a growing concern around health and well-being for a greater demand for food and drink to deliver nutrition, taste and portion control. Research shows that 70% of UK shoppers consider diet to be important to them<sup>15</sup>.

This shift in trend is also borne out by an increase in ‘Free From’ foods, targeted to meet dietary requirements such as gluten free, and a growing awareness of food allergens and intolerance. Our Food Innovation Wales network will help to provide our businesses with the skills needed to innovate and develop the new products required to satisfy diversity in consumer need.

The Plan will include actions that support the protection of consumer rights. High standards in food safety and security are the cornerstone for a successful food and drink industry. This is made ever more relevant by an increasing consumer interest in knowing where food has come from and growing pressure for transparency and traceability.

Through Food Innovation Wales we will help businesses to meet legislative requirements in safety and labelling, achieve compliance and win third party industry accreditation. We will continue to build on close links with the Food Standards Agency Cymru (FSA) to help promote standards that ensure consumers can trust the food and drink they consume, and have confidence that our food and drink is what it says it is.

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<sup>15</sup> Winning for Wales & Winning in Wales: A consumer driven perspective – Kantar World Panel – March 2017.

Through the ‘something for something’ model in the Economic Contract, we will use our support to encourage business engagement with organisations that address food security. Initiatives for the redistribution of food, such as Fareshare Cymru, work to fight food poverty and tackle food waste, by redistributing surplus food to organisations in Wales that feed people in need. In doing so an environmental problem is turned into a social solution.

We will commission research and analysis to gain a better understanding of the causes, impact and scale of food poverty – the inability to afford or have access to healthy and nutritious food. We will also link to preventative actions delivered by other government departments. In this way, the Plan will contribute to advancing equality between people in Wales, by helping reduce levels of poverty and exclusion.

We will continue to engage with the Fair Work Commission, and their goal of providing recommendations for what defines fair work in Wales by March 2019. This definition will become a condition for Welsh Government support to the food and drink foundation sector, with a view to steering businesses towards adopting or maintaining fairness in matters of pay, participation and progression at work.

Positive impacts for protected characteristics can be achieved by limiting our assistance to businesses that can evidence policies on fair recruitment, workplace diversity and inclusive access to work. Business sign-up to the Welsh Government Code of Practice on Ethical Employment in Supply Chains and to becoming an Accredited Living Wage Employer will reinforce this. We will continue to monitor progress on the Fair Work definition to ensure that these principles are included in the Plan.

Actions that help broaden the scope of opportunity to enter the food and drink sector and for career development within it will be adopted by the Plan. The Economic Contract criteria for the ‘Promotion of Health, Skills & Learning in the Workplace’ will form a condition for access to public investment and business assistance. Other initiatives to address labour and skills through the Skills Pledge and Tasty Careers programmes will help reduce the barriers to decent work and progression within work.

In the development of the Plan we have engaged with colleagues and teams across the Welsh Government to discuss the full range of issues relating to the food and drink sector. We have also engaged with various industry stakeholders, trade associations and interest groups, as well as our own delivery partners, in order to ensure that the actions in the Plan are fully informed and to mitigate the risk of unintended impacts.

### **Record of Impacts by protected characteristic:**

Please complete the next section to show how this policy / decision / practice could have an impact (positive or negative) on the protected groups under the Equality Act 2010. It is important to note any opportunities you have identified that could advance or promote equality of opportunity. This includes identifying what we can do remove barriers and improve participation for people who are under-represented or suffer disproportionate disadvantage.

<b>Protected characteristic or group</b>	<b>What are the positive or negative impacts of the proposal?</b>	<b>Reasons for your decision (including evidence)</b>	<b>How will you mitigate Impacts?</b>
Age (think about different age groups)	<p>The adoption of the Skills Pledge within the Plan will seek to positively impact the issues of labour and skills in the industry across all age groups.</p> <p>The objective of the pledge is to encourage businesses to undertake a range of activities, supported by the Welsh Government, to engage with local schools, communities, and local unemployed people to inform and educate them on the career opportunities</p>	<p>Engagement with the food and drink sector, through 'Skills Conferences' delivered by the Food &amp; Drink Wales Industry Board, revealed a poor perception of the industry as a low pay sector together with a lack of awareness of career opportunities as the main barriers to entering the industry.<sup>16</sup></p> <p>Research shows that Wales has a much younger age profile in the food and drink sector compared to the UK. In 2016, 23%</p>	<p>The action Plan will be published for formal consultation in 2019, as a part of which we will continue to engage with business, industry stakeholders, and interest groups around the issue of labour and skills.</p> <p>Engagement will also continue to ensure that the goal of 'Promotion of Health, Skills &amp; Learning in the Workplace' within the EAP is considered in the Plan.</p>

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<sup>16</sup> Welsh Food & Drink Manufacturing – Labour Market Review, Brookdale Consulting 2017.

	<p>available to them in the food supply chain.</p> <p>As well as promoting entry into the industry, the activities within the Skills Pledge include a workplace commitment for the training and development of the existing workforce.</p>	<p>of the workforce in Wales fell within the 30 – 34 age group.<sup>17</sup></p> <p>However, studies show that employers within food and drink processing have no concerns about the aging population and the potential of the retirement age rising. The sector was seen to benefit from traits typically held by older workers, particularly reliability and experience.<sup>18</sup></p>	
Disability (think about different types of disability)	<p>It is intended that the Plan will support the goals of the EAP for encouraging business behaviours and employment conditions, over the long term, which help reduce barriers and encourage fairness in matters of pay and career development.</p>	<p>Studies for total employment across all sectors in Wales highlight employment rates for disabled people are less than half that for non-disabled people<sup>19</sup>, with particular pressure on those suffering mental illness, depression and learning difficulties.</p>	<p>We will engage with the Fair Work Commission, as they seek to provide recommendations for what defines fair work in Wales.</p>

<sup>17</sup> Welsh Food & Drink Manufacturing – Welsh Labour Market Information, Brookdale Consulting 2017.

<sup>18</sup> Employer experiences of recruiting, retaining and retraining older workers: Qualitative research, IFF Research for the Department for Work and Pensions, February 2017

<sup>19</sup> Is Wales Fairer? The state of equality and human rights 2018, Equality & Human Rights Commission, 25 October 2018.

<p><b>Disability</b> (think about different types of disability)</p>	<p>The Plan will seek to positively impact the potential for businesses to innovate and respond to a growing trend in consumer choice towards diet and health.</p>	<p>Food intolerance and dietary requirements are receiving greater attention, with particular growth seen in 'Free From' products relating to trends in health and wellness.</p> <p>Concerns around food allergy are especially important, with the potential threat to life and there being no known cure.</p> <p>Recent studies also identify a need to ensure food packaging is suitable to the needs of all consumer groups.</p>	<p>Under the actions in the Plan, the Food Centres located across Wales will provide essential support for businesses, to achieve standards for food labelling and to develop new products that satisfy an increasingly complex consumer need.</p>
<p><b>Gender Reassignment</b> (the act of transitioning and Transgender people)</p>	<p>In the development of the Plan, we will consider how to adopt the aim within the EAP, for using the levers of business support to help effect a shift in business culture over the long term.</p>	<p>Workplace studies across all economic sectors in the UK highlight that, whilst employers are more aware of the need to address inclusion, issues of negative treatment and ignorance persist for a negative effective on the wellbeing of trans workers.<sup>20</sup></p>	<p>We will consult with the Fair Work Commission, in their goal of providing recommendations for what defines fair work, as it relates to workplace diversity in Wales.</p>

<sup>20</sup> **Supporting trans employees in the workplace. Project Report**, University of Sussex, School of Education and Social Work for Advisory, Conciliation and Arbitration Service (Acas), 2017

Pregnancy and maternity	The Plan intends to include actions that address the key industry need to attract and retain labour with the right skills as a pillar for underpinning industry growth.	Whilst statutory rights are reasonable and easy for employers to implement, evidence covering all sectors in Wales shows that seven out of ten new mothers have had a negative or potentially discriminatory experience at work as a result of pregnancy or maternity. <sup>21</sup>	We will engage with the Fair Work Commission, as they seek to provide recommendations for what defines fair work in Wales.
Race (include different ethnic minorities, Gypsies and Travellers and Migrants, Asylum seekers and Refugees)	Labour market research has already been commissioned for the Welsh food and drink industry, including the level of dependency on migrant workers.	In 2016, the workforce within the Welsh food and drink industry included 23% of workers from the EU of a non-UK origin. There were no workers from outside of the EU. Whilst this is well below the level of EU workers across the UK at 33%, the threat of this labour diminishing under Brexit is still important. <sup>22</sup>	Food manufacturing is a labour intensive sector, and having access to labour with the right skills is critical.  It is intended that the Plan will further develop the actions under 'Transforming Skills in the Welsh Food and Drink Industry' to help address the skills and labour gap in the sector.

<sup>21</sup> **Is Wales Fairer? The state of equality and human rights 2018**, Equality & Human Rights Commission, 25 October 2018.

<sup>22</sup> **Welsh Food & Drink Manufacturing – Welsh Labour Market Information**, Brookdale Consulting 2017.

Religion, belief and non-belief	<p>Through the Food Innovation Wales Network it is expected that the plan will foster NPD to satisfy an increasing demand for food and drink that meets lifestyle choices.</p> <p>As a part of this we will consider the issue of standards for Halal (permissible) and Kosher foods.</p>	<p>Food and drink is a part of daily life, and is subject to regional, cultural and religious influences. The supply of Kosher and Halal (permissible) foods is a growing concern for the food and drink industry, raising challenges of supply chain integrity, traceability and food labelling.<sup>23</sup></p>	<p>Under the Plan we will help businesses to satisfy standards in food labelling, and consider ways of improving supply chain links and traceability.</p> <p>The Food Centres across Wales will help promote innovation and compliance in food and drink businesses.</p>
Sex / Gender	<p>The Plan will consider how to adopt the approach in the EAP to encourage fairness and diversity in the workplace.</p>	<p>Recent studies in Wales evidence a relative gender balance in the food and drink processing sector.<sup>24</sup></p>	<p>We will consult with the Fair Work Commission, in their goal of providing recommendations for what defines fair work, as it relates to workplace diversity in Wales.</p>

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<sup>23</sup> **Halal integrity in the food supply chain**, Soon, Jan Mei; Chandia, Mahmood ; Mac Regenstein *British Food Journal*, Volume: 119, Issue: 1. Pages: 39-51 (2017) & **The Issue of Undeclared Ingredients in Halal and Kosher Food Production: A Focus on Processing Aids**, Al-Mazeedi, Hani M. ; Regenstein, Joe M. ; Riaz, Mian Nadeem *Comprehensive Reviews in Food Science and Food Safety*, Volume: 12, Issue: 2, Pages: 228-233 (MAR 2013 )

<sup>24</sup> **Working patterns in Wales: gender, occupations and pay**, Alison Parken, Eva Pocher & Rhys Davies, *Cardiff University, WAVE – Women Adding Value to the Economy*, March 2014.

Sexual orientation (Lesbian, Gay and Bisexual)	The Plan will consider how to adopt the approach in the EAP to encourage fairness and diversity in the workplace.	A workplace report by YouGov and Stonewall Cymru, covering all economic sectors, commented positively on progress in Wales, but highlighted that there is still a long way to go, with 34% of LGBT staff indicating a fear of discrimination. <sup>25</sup>	We will consult with the Fair Work Commission, in their goal of providing recommendations for what defines fair work, as it relates to workplace diversity in Wales.
Marriage and civil partnership	The Plan will consider how to adopt the approach in the EAP to encourage fairness and diversity in the workplace.	The food and drink foundation sector has been identified in the EAP for its potential to help strengthen local communities as a whole.	The actions within the Plan will support the goal in the EAP for the fair distribution of economic growth in communities across Wales.
Children and young people up to the age of 18	As outlined in the Children's Rights Impact Assessment, it is expected that the Plan will have an indirect positive impact on Articles 24, 27 and 29 of The United Nations Convention on the Rights of the Child (UNCRC).	The food and drink foundation sector has been identified in the EAP for its potential to help strengthen local communities as a whole.	The actions within the Plan will support the goal in the EAP for the fair distribution of economic growth in communities across all parts of Wales.

<sup>25</sup> **LGBT in Wales: work report**, Iestyn Wyn, Chaka L. Bachmann, Becca Gooch, YouGov / Stonewall Cymru, 2017

Low-income households	<p>Actions contained within ‘Benefiting our People and Society’ will seek to have positive impacts on low-income groups, through the promotion of business sign-up to food redistribution schemes, such as Fare Share, and promotion of the Living Wage.</p>	<p>Certain studies argue that there is potential for Wales to benefit from an increased adoption of the living wage, explaining the impact on the aggregate wage bill is likely to be relatively modest, while the benefits for productivity and sickness absence are potentially large.<sup>26</sup></p>	<p>We will further explore the potential for actions within the Plan to address issues of food poverty and promotion of the Living Wage during the formal consultation process.</p>
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## Human Rights and UN Conventions

Do you think that this policy will have a positive or negative impact on people's human rights?

Human Rights	What are the positive or negative impacts of the proposal?	Reasons for your decision (including evidence)	How will you mitigate negative Impacts?
<b>Article 14:</b> Prohibition of Discrimination in respect of these rights and freedoms.	In adopting a ‘something for something’ approach in engaging with industry through the compact, it is expected that the Plan will contribute to the wider long term objectives in the EAP.	The plan will pursue an inclusive agenda and consider how to adopt the long term goal in the EAP to reduce workplace inequality, and promote a fairer distribution of wealth across Wales.	We will continue to consult with industry stakeholders, businesses and interest groups across the formal consultation period.

<sup>26</sup> Fair pay: a living wage Wales, Bevan Foundation, July 8th 2016

<b>Article 14:</b> Prohibition of Discrimination in respect of these rights and freedoms.	Business support delivered through the Food Innovation Wales network will help our businesses to innovate towards satisfying a growing complexity in consumer choice.	Food Innovation Wales provides essential support for businesses through the Food Centres across Wales, including promoting business start-ups and new product development	We will continue to consult with industry stakeholders, businesses and interest groups across the formal consultation period.
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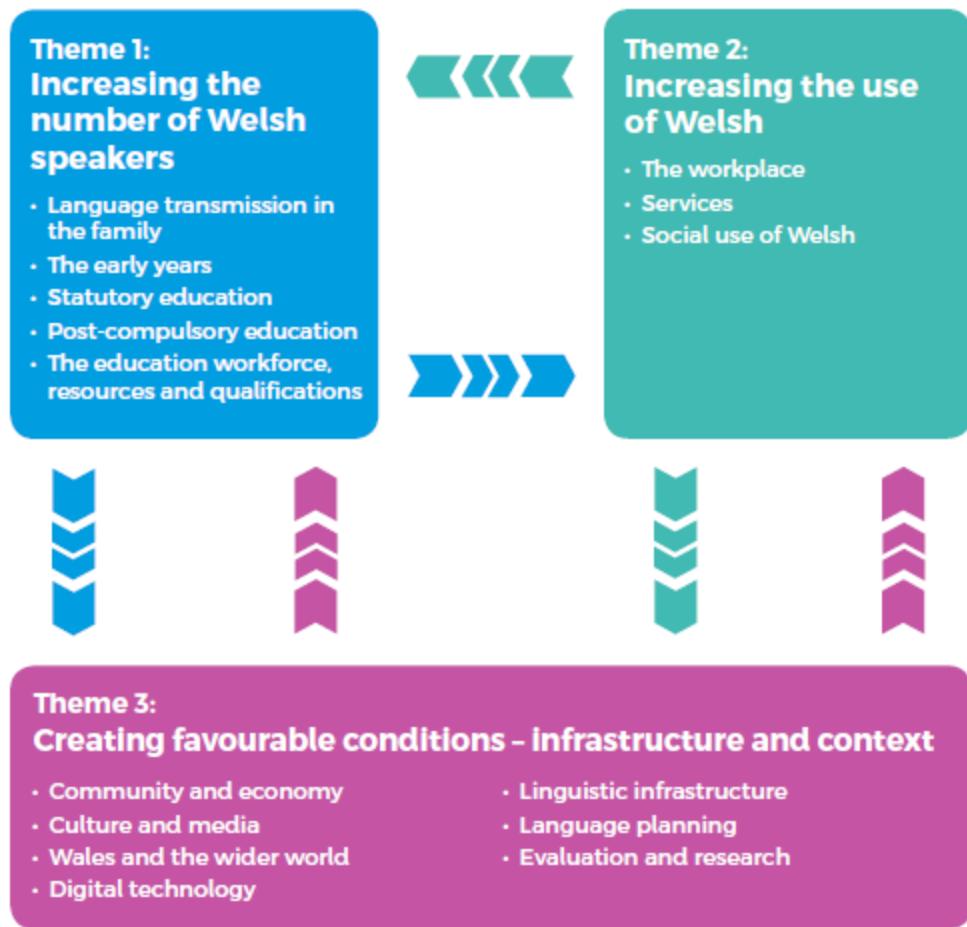
## C. WELSH LANGUAGE IMPACT ASSESSMENT

*Cymraeg 2050* is our national strategy for increasing the number of Welsh speakers to a million by 2050.

The Welsh Government is fully committed to the new strategy, with the target of a million speakers included in the *Taking Wales Forward* Programme for Government and *Prosperity for All: the national strategy*. A thriving Welsh language is also included in one of the 7 well-being goals in the Well-being of Future Generations (Wales) Act 2015.

We also have a statutory obligation to fully consider the effects of our work on the Welsh Language. This means that any Welsh Government policy should consider how our policies affect the language and those who speak it.

The *Cymraeg 2050* strategy has three themes:



The headings under each theme outline the scope of activities that can affect the language. As a general rule, if your policy has the potential to impact on people, it will impact in some way on Welsh speakers and therefore on the Welsh language.

1. Welsh Language Impact Assessment reference number (completed by the Welsh Language Standards Team, email: Safonau.Standards@gov.wales):

**04/03/2019**

2. Does the proposal demonstrate a clear link with the Welsh Government's strategy for the Welsh language? – *Cymraeg 2050 A million Welsh speakers* and the related Work Programme for 2017-2021?

By encouraging growth in the Food & Drink Foundation Sector across Wales, the Plan will help to deliver a place-based approach and so support the goal of creating sustainable regional economies. In this way, the Plan will contribute to the objective of 'better jobs, closer to home' and help to improve opportunities within Welsh speaking communities.

The Plan also includes actions to create an iconic brand for Welsh food and drink under the Sustainable Brand Values project, which will be used to underpin the new Brand Cymru. Using our national identify in the promotion of Welsh food and drink will indirectly include the promotion of our language at home, in the UK and across global markets. In using our culture to help deliver a clear distinction for Welsh produce, and in upholding the Welsh Language Standards in all of our marketing and promotional work, we will positively contribute the health of the Welsh language.

3. Describe and explain the impact of the proposal on the Welsh language, and explain how you will address these impacts in order to improve outcomes for the Welsh language:

The intention of the EAP to support food and drink processing as a Foundation Sector is largely based on the importance of the industry in being embedded in Welsh communities. The potential impact of the sector in producing goods central to the well-being and security of Welsh communities is reinforced by the geographical dispersion of our food and drink businesses across Wales.

The sector carries a presence in local and rural areas of Wales, which include the traditional strongholds of the Welsh language where there are some 40% or more Welsh speakers.

Growing the sector can help to improve local opportunity for Welsh speakers to find work within their own communities. In doing so, we will encourage equitable outcomes by helping to improve economic prospects fairly between Welsh speaking communities and regions across Wales.

This is strengthened by the direct links of food and drink manufacturing to Welsh agriculture; as a key employer within the Welsh speaking heartlands. The Plan will include measures to strength supply chains, by fostering closer links between our agricultural producers and Welsh food and drink processors. The Plan will also support proposals outlined in ‘Brexit and our land’ for land managers to strengthen their income through diversification.

Our support for micro and SME businesses, which form an intrinsic part of local and rural economies, is already explained in the Rural Impact Assessment.

Our initial engagement work has highlighted innovation as centrally important for the successful start-up and survival of Welsh food and drink businesses. Our Food Innovation Network reaches across Wales, and includes support based in Welsh speaking regions through The Food Centre Wales based at Horeb, Ceredigion and The Food Technology Centre based at Coleg Menai, Llangefni, Anglesey. Our food centres will importantly foster entrepreneurship and directly encourage business start-ups.

The Plan will deepen our commitment to the Food Centres as they provide services essential to business resilience. Through fostering business start-ups and encouraging entrepreneurship within the sector we will contribute to the sustainability of Welsh speaking regions.

Our engagement with industry stakeholders and colleagues across the Welsh Government has emphasised the importance of our marketing work for Welsh food and drink businesses. In a highly competitive market, Trade Associations and businesses in particular view our promotional programmes to help penetrate markets and make connections with buyers as excellent.

Brexit makes this all the more relevant, in bringing the potential added pressure for retaining EU markets, opening new global markets for exports and developing our market share in the UK.

To meet this challenge, we have already begun to explore the potential for promoting Welsh food and drink through our national identity. Our ‘Value of Welshness’ research shows that UK consumers describe our top Welsh brands as ‘feeling natural’ (59%), ‘signifying great quality’ (75%) and ‘believe they taste fantastic’ (73%)<sup>27</sup>.

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<sup>27</sup> **Value of Welshness: Shopper desire for Welsh produce** – Food & Drink Wales commissioned through Category Insight UK Ltd.

A recent consultation with food and drink businesses identified that the use of Welsh and a Welsh language brand delivered tangible commercial advantage by increasing product awareness and distinction, by reinforcing a local image and sense of quality, and by helping to emphasise authenticity and provenance.<sup>28</sup>

Our Sustainable Brand Values project, will build on this by drawing together the strengths of our culture and provenance, including our language, to help create distinction and added value for our produce. Our language is one of our unique attributes, central to our national identity, and importantly differentiates us from other nations in the UK. In this way, we will help to raise the awareness and status of our language, through the promotion of Welsh produce in UK and international markets.

In the further development of the Plan, we will continue to engage closely with ongoing work to identify ways in which we can support the commitment in the Welsh Language strategy to increase the use of Welsh in the workplace.

This will include continued engagement with the EAP and Cymraeg 2050 to explore how the Plan can dovetail with other initiatives designed to rejuvenate traditional Welsh speaking heartlands, such as the Arfor Innovation Fund<sup>29</sup> and Cymraeg Byd Busnes<sup>30</sup> programme.

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<sup>28</sup> Gwerth y Gymraeg i'r sector bwyd a diod yng Nghymru: Adroddiad ymchwil / The value of the Welsh language to the food and drink sector in Wales: Research report, Welsh Language Commissioner, December 2014.

<sup>29</sup> [Welsh Government Website link to Arfor pilot scheme.](#)

<sup>30</sup> [Cymraeg Byw Dysgu Mwynhau website link to Cymraeg Byd Busnes.](#)

## D. BIODIVERSITY IMPACT ASSESSMENT

The Nature Recovery Action Plan for Wales contains six objectives to reverse the decline of biodiversity which should be used to assess the impacts on biodiversity. They can also help develop and guide actions to comply with the S6 duty. They have been simplified as a set of questions to guide you through the impact assessment.

These questions should be considered whether your proposal has a land management element or not, although some will be particularly relevant if your policy area relates to land management in any way.

You should take a pro-active approach to considering the potential impacts on biodiversity – this is one area where unintended consequences are often overlooked, either through lack of awareness, or because it is difficult to assign a monetary value to biodiversity.

Moreover, the duty requires that we positively seek opportunities to maintain and enhance biodiversity, both directly (where the intervention involves land management or construction), and indirectly (for example, where there may be an opportunity to raise awareness of the importance of biodiversity). In completing this assessment consider how enhancing biodiversity and promoting resilience of ecosystems contribute reciprocally to the aims of your policy or project.

You will need to record decisions and impacts arising from this assessment. Please note how you have answered each question, or you can use the template at the end of the assessment. Further guidance is available on the intranet.

### **Consider Questions 1 - 9 for ALL policies:**

#### **Embedding biodiversity**

##### **1. How will your proposal integrate biodiversity into decision making?**

The central purpose of the Plan, that of encouraging economic growth in Welsh food and drink manufacturing, does not directly target the Environment (Wales) Act 2016 Section 7 list of living organisms and habitats of principal importance for biodiversity in Wales. However, the Plan fully recognises that our natural resources and rich biodiversity form the backbone of our primary production industries, including agriculture as the foundation of our food and drink supply chain.

The Environment (Wales) Act 2016 sets out the requirement for the ‘sustainable management of natural resources’ together with a duty in Section 6 for stronger biodiversity and resilience of ecosystems in Wales.

Toward this end, the Plan will adopt the ‘something for something’ approach for Welsh Government support to the sector, as leverage to encourage a circular economy approach in our food and drink industry. In this way the Plan will contribute to the resilience goal in the Well Being of Future Generations (Wales) Act 2015.

In support of the objectives in the ‘Nature Recovery Action Plan for Wales’ businesses will be encouraged to sign-up to third sector initiatives that consider a broader circular economy approach. Programmes operated by organisations such as WRAP and Fare Share Cymru help businesses to address issues of food waste and food poverty. Business sign-up to these initiatives will be a performance indicator included in the Plan to measure impact.

The Courtauld Commitment is a voluntary agreement partly funded by the Welsh Government and delivered by WRAP Cymru. The scheme brings together organisations across the food system with the goal of making food and drink production and consumption more sustainable. Through the commitment, WRAP will aim to cut the carbon, water, and waste associated with food and drink by at least one-fifth in 10 years. WRAP will also seek to achieve savings to businesses of £300 million a year through actions to increase the prevention of food waste.

Micro, small and medium sized companies (SME’s) make up 95% of the food and drinks sector in Wales<sup>31</sup>. For many small companies being responsible and green is a challenge on top of the day to day business responsibility. The Plan will include targeted support for SMEs through services delivered by Business Wales.

The ‘State of Natural Resources Report’, published by Natural Resources Wales, highlights that ‘over 50% of Wales is nationally valued for its scenic quality and character’. In this context the ‘Brexit and our Land’ consultation states that over 90% of Welsh land is in the hands of our farmers, foresters or other stewards of the landscape. To help maintain healthy ecosystems our land must be managed by those who know it best.

The Plan will link to the Economic Resilience Scheme, propose by ‘Brexit and our Land’, to strengthen links across the agri-food supply chain and to foster collaboration for improved access to domestic and international markets. Support for rural businesses to diversify will also help to improve rural business resilience through the creation of additional income streams. In this way, the Plan will contribute to the goals of the Nature Recovery Plan by helping to strengthen the place of farmers, foresters and other land managers on Welsh land.

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<sup>31</sup> **Economic Appraisal of the Welsh Food & Drink Sector 2016** – Knowledge & Analytical Services, Welsh Government

## **2. Has your proposal ensured biodiversity is accounted for in business decisions?**

The Welsh Government takes the matters of animal welfare and food safety very seriously, and it is essential that the highest standards in these areas are maintained in the post-Brexit landscape. Welsh food and drink is gaining greater recognition as a premium offer, for which a reputation for high levels of animal health and welfare together with strict standards in traceability and safety are a central pillar for winning consumer trust and confidence.

Close links with the Food Standards Agency (FSA) and Animal & Plant Health Agency (APHA) will be continued and developed in the Plan, for the delivery of interventions that protect the consumer from harm and potential fraud, and encourage a healthier more productive livestock industry. The Plan will further seek to drive up standards within the food and drink sector by promoting the take up of meaningful industry recognised accreditation, such as SALSA and BRC, through support provided by the Food Innovation Wales network.

In this way the Plan will encourage the type of business practise and behaviour that will promote greater penetration in domestic and international markets, whilst winning wider benefits for the environment and society. Levels of business accreditation take up and achievement of FSA standards in food and drink manufacturing will be included in the Plan as performance indicators.

## **3. How does your proposal improve understanding and raise awareness of the importance of biodiversity, encouraging others to act?**

Responding to a growing consumer interest in knowing where food originates, Welsh food and drink can capitalise on the opportunity offered by the distinct nature and beauty of our landscape and coastlines for an enhanced Welsh provenance. Under the umbrella of the ‘Cymru Wales’ Brands, the Plan will explore the possibility of creating an overarching selling point or standard for Welsh food and drink, that incorporates the values of product quality, environmental stewardship and animal health.

Welsh produce is already able to demonstrate provenance in the EU market through the Protected Food Names (PFN), of which Wales currently has 15 PFNs including PGI Welsh Lamb and PGI Welsh Beef. Initiatives such as the Sustainable Brand Values Programme will seek to incorporate the vision of our diverse and fertile landscapes to support the marketing of our food and drink as authentic, green and distinct.

By engaging with programmes to develop a unique brand for Welsh food and drink, the Plan will indirectly promote the importance of biodiversity in Wales, as it forms part of a provenance that helps underpin the future marketing of high quality, added value Welsh produce.

### **Improving our evidence, understanding and monitoring**

#### **4. Have you used the best available evidence of biodiversity to inform your proposal and this assessment?**

This assessment has fully considered the objectives and evidence presented in the Welsh Government's Natural Resources Policy (NRP), which was published for consultation between 14th November 2016 and 13th February 2017, and the Nature Recovery Action Plan for Wales published on December 2015.

Due regard has also been given to responsibilities under Sections 6 and 7 of the Environment Act (Wales) 2016 and to evidence supplied by the State of Natural Resources Report, produced for the Welsh Government by Natural Resources Wales.

In the preparation of the Plan for formal consultation we have sought the views of other government departments, businesses, trade associations and third sector organisations that represent the full range of economic, environmental and social issues that touch on the Welsh food and drink sector.

As a part of this engagement exercise we have sought to gather evidence of opinion relating to the wider food and drink supply chain, and the impact this has on natural resource and biodiversity in Wales. Through this engagement, we have also ensured the integration of the Plan with other relevant Welsh Government policy initiatives that impact on biodiversity, such as 'Achieving our low-carbon pathway to 2030' and 'Brexit and Our Land'.

We will also consider further engagement with specialist non-government organisations as a part of our formal consultation process.

#### **5. Have you used up to date knowledge of the key impacts on biodiversity to make evidence-based decisions?**

This assessment is based on research commissioned under the current plan, 'Towards Sustainable Growth' to gain a better understanding of the food and drink industry in Wales. Through our engagement exercise we have supported this research by canvassing the most current views and opinions across government and industry.

We have also engaged with our Knowledge and Analytical Services (KAS) to identify the most relevant targets and performance indicators for the Plan, to provide a balanced and rounded picture of industry health, including those that touch on supply chain issues and ecological footprint.

## **6. Can your proposal contribute to our body of knowledge for biodiversity?**

The indicators and targets included in the Plan are directly pointed towards measuring and understanding the performance of the food and drink foundation sector in Wales. Whilst the scope of the Plan includes support to land managers to diversify into the food and drink sector, it does not include actions that cover land management. For this reason, it is unlikely that the Plan will materially increase our knowledge of biodiversity in Wales.

### **Governance and support for delivery of biodiversity action**

## **7. Can your proposal support biodiversity action in any way?**

The Plan does not include actions that directly impact on the Section 7 list of living organisms and habitats of principal importance for biodiversity. However, the Plan will deliberately seek to foster levels of collaboration in Wales within the food and drink foundation sector, across government, industry, academia and the third sector, towards better productivity and reduced ecological impact.

## **8. Can your proposal help to build capacity for biodiversity action?**

Towards raising levels of processing efficiency, innovation, entrepreneurship and best practise in Welsh food and drink processing, the Plan will promote the delivery of technical support, advice and knowledge sharing through the Food & Drink Wales Industry Board, the Cluster Network, the Food Innovation Wales network and Business Wales.

## **9. Have you recorded decisions and actions to maintain and enhance biodiversity?**

A range of clear targets and performance indicators have been identified for the Plan through commissioned consultants and in agreement with our Knowledge and Analytical Services (KAS). These targets and indicators will form the basis of measuring the health of the food and drink sector against a range of issues, and will help to understand the impact of interventions in the Plan across its lifespan.

These targets and performance indicators have been published as a part of the formal consultation.

**The scope of the Plan does not directly address land or sea management, and does not cover construction in Wales. For this reason, further questions at 10 -16 within this assessment are not applicable.**