

**1a) Nicola Sturgeon's meeting with COSLA and trade unions on September 1, 2022**

<b>What</b>	Meetings on local government pay: 1. COSLA ; 2. Local Government Trade Unions
<b>When</b>	Thursday 1 September, timing tbc (13.00-1345: COSLA ; 13.45-1430 TU)
<b>Where</b>	SAH, 4 ER [ with COSLA Presidential team joining by MS Teams ]
<b>Who</b>	<p><u>Meeting 1: COSLA</u>            Cllr Shona Morrison, President (Joining virtually)            Cllr Steven Heddle, Vice President (Joining virtually)            Cllr Katie Hagmann, Resources Spokesperson            Sally Loudon, Chief Executive, COSLA            Simon Cameron, Chief Officer – Workforce and Corporate Policy Team</p> <p><u>Meeting 2: LG Trade Unions (subject to confirmation)</u>            Johanna Baxter, Mark Ferguson - UNISON            Wendy Dunsmore, Brian Robertson - UNITE            Keir Greenaway, Tom Carr Pollock - GMB</p>
<b>Why</b>	To follow up with a general stock take on LG Pay negotiations.
<b>Where did this engagement originate from?</b>	This meeting is taking place following negotiations over the weekend and the decisions of the respective TU committees to either reject the revised offer or to recommend rejecting the offer in a consultative ballot in the coming days.
<b>Recent SG engagement</b>	The DFM met with both COSLA and the trade unions on 25 August, having met with each separately on 24 August; and again met with all on the 30 August. SG representatives have been present at various negotiation meetings over the past week.
<b>Are there any sensitivities?</b>	<p><u>COSLA</u>            [redacted – section 30(b)(i) – Free and frank provision of advice]</p> <p>[redacted – section 30(b)(i) – Free and frank provision of advice]</p> <p><u>Trades Unions</u>            [redacted – section 30(b)(i) – Free and frank provision of advice]</p>
<b>Key messages</b>	As outlined below.
<b>Comms Activity</b>	Existing media lines, which will be revised as needed following the meeting.
<b>Official support</b>	Paul Johnston, Director General, Communities Colin McAllister, Special Adviser
<b>Agenda</b>	<ol style="list-style-type: none"> <li>1. Welcome</li> <li>2. State of play</li> <li>3. Discuss possible solutions and way forward</li> </ol>
<b>Main objective</b>	To take stock of the current state of play, affirm the SG's commitment to seeking a fair and affordable pay offer within our financial constraints, [redacted – section 30(b)(i) – Free and frank provision of advice]

**The current LG  
Pay offer**

The deal tabled on Monday 29 August:

- 5% consolidated increase for all staff, consistent with what was agreed by COSLA last week.
- £2,000 payment for those earning £20,000 and under, consisting of the 5% consolidated payment and an extra cost of living support payment. For those at the lowest end of the scale, the consolidated increase is over 7%. For everyone else it is 5%.
- A payment of at least £1,925 for all other staff, consisting of the 5% consolidated award and (where needed to reach £1,925) an extra cost of living support payment
- [redacted – section 30(b)(i) – Free and frank provision of advice]

Briefing for the First Minister

Annex A	[redacted – section 30(b)(i) – Free and frank provision of advice]	Page 4
Annex B	Summary of Unions’ responses to latest COSLA offer, and summary of Union responses to the offer made by the LGA in England and Wales	Page 5
Annex C	Copy of Unison letter rejecting COSLA latest offer	Page 7
Annex D	Summary of upcoming strike action	Page 8
Annex E	COSLA fact sheet for LA heads of HR about what the deal means in practice	Page 9
Annex F	Annex from DFM letter of 18 August to COSLA outlining SG reserves position	Page 11
Annex G	[redacted – section 38(1)(b) – Personal data relating to third party]	Page 12
<i>Additional Provided Separately:</i>		
Annex H	Advice to FM provided 31 August on different configuration options [redacted – section 30(b)(i) – Free and frank provision of advice] [redacted – section 25(1) – information reasonably accessible]	Attached separately
Annex I	Letter from Unison to Council Leaders, 31 August [redacted – section 25(1) – information reasonably accessible]	Attached separately
Annex J	Letter from GMB to Council Leaders, 31 August	Attached separately



**STEERING BRIEFS**

**COSLA Meeting**

[redacted – section 30(b)(i) – Free and frank provision of advice]

**Meeting with the Trades Unions**

[redacted – section 30(b)(i) – Free and frank provision of advice]

To conclude the meeting

[redacted – section 30(b)(i) – Free and frank provision of advice]

- The SG remains committed to supporting a swift resolution which sees workers get a fair pay rise in their pockets quickly in the light of increasing costs, while remaining affordable for the sustainability of public services.

**SUMMARY OF UNIONS' RESPONSES TO LATEST COSLA OFFER**

**UNISON**

[redacted – section 30(b)(i) – Free and frank provision of advice]

**GMB**

[redacted – section 30(b)(i) – Free and frank provision of advice]

**Unite**

[redacted – section 30(b)(i) – Free and frank provision of advice]

**Notes**

[redacted – section 30(b)(i) – Free and frank provision of advice]

## **SUMMARY OF UNIONS' RESPONSES TO LATEST LGA OFFER IN ENGLAND**

The National Joint Council (NJC) negotiates the pay, terms and conditions of staff in local authorities in England, Wales and Northern Ireland.

The National Employers flat rate pay increase offer of £1,925 equates to a 10.5% increase for those on the lowest pay and 4.04% for those on the highest.

As is the case here in Scotland there are three recognised trade unions (UNISON, Unite and GMB) who negotiate on behalf of the LG workforce.

The three trade unions initially [responded](#) fairly neutral and suggested the offer was better than anticipated but still flagged the challenges around the cost of living crisis.

Unite subsequently [rejected](#) the offer arguing it represents a real terms cut for many staff. The decision to reject the offer was made by the union's national industrial sector committee for local authorities, without consulting its members. It is now balloting members on industrial action.

UNISON has decided to put the offer to its members, outlining the pros and cons but without recommendations. The [consultation](#) is due to run from 19 August to 19 September. We understand that like in Scotland, they are also the biggest local government trade union down south.

[redacted – section 30(b)(i) – Free and frank provision of advice]

balloting members without making recommendations. The ballot is running from 22 August to 21 October.

[redacted – section 25(1) – Information otherwise accessible]



### SUMMARY OF UPCOMING STRIKE ACTION

The first round of industrial action in Edinburgh ended at 0459 on Tuesday 30 August and bin collections and street cleaning have begun.

Glasgow and Aberdeen are also reporting significant disruption to waste, recycling and street cleansing services and an accumulation of waste and litter, with strikes across these and 12 other authorities due to end on **1 September**.

A third wave of strike action in waste and recycling services will take place on dates between **6 and 13 September**, it is expected to affect **25 councils in total, including Edinburgh, Glasgow and Aberdeen**. The breakdown of councils to be impacted is as follows:

- Aberdeen City, Aberdeenshire, Angus, Clackmannanshire, Dumfries & Galloway, Dundee City, East Ayrshire, East Dunbartonshire, East Lothian, East Renfrewshire, Edinburgh, Falkirk, Fife, Glasgow City, Highland, Inverclyde, Midlothian, North Ayrshire, North Lanarkshire, Orkney, Perth & Kinross, South Ayrshire, South Lanarkshire, Stirling and West Lothian.

Strikes will also run for three days from **6-8 September** in schools and nurseries across **12 councils**. These strikes include catering and cleaning staff, janitors and classroom assistants. The breakdown of councils to be impacted is as follows:

- Aberdeenshire, Angus, Clackmannanshire, Dundee City, East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Orkney, South Lanarkshire and Stirling.

**FACT SHEET FROM COSLA TO SUPPORT COUNCIL HR TEAMS**



[redacted – section 30(c) – Otherwise prejudice effective conduct of public affairs]

## Annex A Scottish Government Reserves Position

### Scotland Reserve Background

The Scotland Reserve provides the Scottish Government with a limited facility to manage the smoothing of all types of spending, assist the management of tax volatility and determine the timing of expenditure.

The Reserve is split between Fiscal Resource and Fiscal Capital and is capped in aggregate at £700 million.

In normal times, annual drawdowns from the Reserve are limited to £250 million for Fiscal Resource and £100 million for Fiscal Capital (including Financial Transactions) in any given year.

However, in the event of a 'Scotland-specific economic shock', this cap on draw down does not apply.

### Scotland Reserve 2022-23 Position






At the 31<sup>st</sup> March 2022 funding of £650 million was transferred to the Scotland Reserve, £421 million of this was Resource funding. **All** of the £650 million is being utilised to support 2022-23 (i.e. there is no remaining funding in reserves), and is reflected in the latest 2022-23 Resource, Capital and FT position.

	Resource £m	Capital £m	FTs £m	Total £m
Provisional Outturn Underspend (2021-22)	(421)	(183)	(256)	(860)
Repayment of Financial Transactions to HM Treasury			210	210
<b>Provisional Scotland Reserve Position (2021-22)</b>	<b>(421)</b>	<b>(183)</b>	<b>(46)</b>	<b>(650)</b>
2022-23 Budget Bill targeted carry forward balance	332	118	61	511
Reserve draw down planned for 2022-23 ABR	89	65	(15)	139
<b>Balance available</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Much of the carried forward funding was anticipated within the 2022-23 Scottish Budget; £324 million was anticipated within the initial 2022-23 Budget, and £120 million was announced by the Cabinet Secretary of Finance and Economy to support Local Government 2022-23 costs at stage 1 of the Budget Bill process. Overall the targeted Scotland Reserve carry forward in the 2022-23 Budget Bill was £511 million. The remaining £139 million of the £650 million in the Scotland Reserve will be disclosed to Parliament as part of the Autumn Budget Revision (ABR) process but as noted above is already factored in to the latest 2022-23 position.

ATTENDEE INFORMATION/PHOTOS

COSLA MEETING

<p><b>Cllr Shona Morrison COSLA</b> <b>President</b> (Moray Council, SNPI)</p>	<p><b>Cllr Steven Heddle COSLA</b> <b>Vice President</b> (Orkney Islands Council, IND)</p>
	
<p><b>Cllr Katie Hagmann COSLA</b> <b>Resources Spokesperson</b> (Dumfries and Galloway Council, SNP)</p>	<p><b>Sally Loudon COSLA</b> <b>Chief Executive</b></p>
	
<p><b>Simon Cameron COSLA Chief Officer</b> – Workforce and Corporate Policy Team</p>	
	

**TRADE UNIONS MEETING**

<p><b>Johanna Baxter UNISON</b> Head of LG (Bargaining)</p>	<p><b>Mark Ferguson UNISON</b></p>
	
<p><b>Wendy Dunsmore UNITE</b> Unite Industrial Officer</p>	<p><b>Brian Robertson UNITE</b> Unite Branch Secretary – City of Edinburgh Council</p>
	
<p><b>Keir Greenaway GMB</b> GMB Scotland Organiser</p>	<p><b>Tom Carr Pollock - GMB</b> Branch Secretary at West Lothian Council</p>

**From:** [redacted – section 38(1)(b) – personal data relating to a third party]  
**Sent:** Tuesday, September 27, 2022 12:03 PM  
**To:** First Minister <firstminister@gov.scot>  
**Cc:** DG Net Zero <DGNetZero@gov.scot>; DG Economy <DGEconomy@gov.scot>; Director of Agriculture and Rural Economy <DirectorARE@gov.scot>; Deputy Director of Food & Drink <DeputyDirectorofFood&Drink@gov.scot>; REDACTED; Business Engagement <businessengagement@gov.scot>; McAllister C (Colin) <Colin.McAllister@gov.scot>; McFarlane J (John) (Special Adviser) <John.McFarlane@gov.scot>; Communications First Minister <CommunicationsFirstMinister@gov.scot>; REDACTED  
**Subject:** RE: Briefing - First Minister meeting with CEO Scotch Whisky Association - 26 September

PS/First Minister

## Briefing for the First Minister

Please find a note of the main talking points at yesterday's meeting.

Best wishes,

[redacted – section 38(1)(b) – personal data relating to a third party]

### **Attendees**

First Minister

Mark Kent – Scotch Whisky Association (SWA)

Graeme Littlejohn – SWA

Susanne Cameron-Neilsen – SWA

[redacted – section 38(1)(b) – personal data relating to a third party] – Food and Drink Division

### **Main points**

- Mark Kent thanked the SG for engagement with the whisky industry to date. The First Minister reaffirmed that engagement was also important to the SG, given whisky's importance to Scotland's brand. SWA invited the FM to attend their March 2023 Council meeting.
- On exports, the First Minister was keen to use SWA's expertise to increase exports. The SWA said that by the end of 2022 they expected that export levels would return to pre-pandemic levels. Mark Kent offered to assist with SG activities abroad.
- There was a discussion about sustainability and on the need for industry/government partnership working to reach net zero. The First Minister recognised the cutting edge work carried out by the whisky sector and wanted it to share its best practice with other industries. The SWA is looking at decarbonising their wider supply chain. Mark Kent confirmed that consumers wanted a strong sustainability narrative.
- [redacted – section 30(b)(ii) – Free and frank exchange of views]
- They discussed the impact of the weakening of the pound, and whilst positive for exports, it would create issues for the whisky supply chain and inflationary pressures.

**1c) Nicola Sturgeon's meeting with Mark Kent of the Scotch Whisky Association on September 26, 2022**

**BRIEFING FOR THE FIRST MINISTER**

**MEETING WITH MARK KENT, CHIEF EXECUTIVE, SCOTCH WHISKY ASSOCIATION**

**26 September 2022**

<b>Key message</b>	Pleased to meet the new Chief Executive of the Scotch Whisky Association and discuss issues of interest
<b>What</b>	Meeting (rescheduled from 26 May 2022)
<b>Why</b>	To show industry that we are united in our ambition to support and grow the Scotch Whisky industry
<b>Who</b>	Mark Kent, Chief Executive, Scotch Whisky Association (SWA) [redacted – section 38(1)(b) – Personal data relating to a third party]
<b>Where</b>	Bute House, Edinburgh
<b>When</b>	12:30-13:00
<b>Likely themes</b>	Partnership working, net zero, and global trade and tourism
<b>Media</b>	FM Comms will mark the meeting on social media, issuing pictures taken at the start of the meeting.
<b>Supporting official</b>	[redacted – section 38(1)(b) – Personal data relating to a third party] Food and Drink Division [redacted – section 38(1)(b) – Personal data relating to a third party]
<b>Attached documents</b>	Annex A - Agenda and Summary Annex B - Briefing Annex C – Biographies

## ANNEX A

### Agenda and Summary

#### Agenda

The following agenda was proposed by the Scotch Whisky Association:

1. Introductions
2. Priorities for partnership working on shared agenda of
  - Reaching net zero
  - Economic transformation, global trade and tourism
3. First Minister/industry engagement

#### Background

Mark Kent joined the Scotch Whisky Association (SWA) as Chief Executive in January 2022. He requested an introductory meeting with the First Minister given the importance of the whisky sector to Scotland's economy (mi-case [202200277646](#)). The SWA is the key representative body for the whisky industry in Scotland. This meeting was due to take place in May 2022 but was rescheduled due to illness.

#### Expectations/desired outcomes

This is an opportunity to meet with the head of a key stakeholder body in the food and drink sector and to ensure good working relationships with them. [redacted – section 30(b)(i) – Free and frank provision of advice]

#### Recent engagement

The Cabinet Secretary for Rural Affairs and Islands met Mark Kent in March and she met with SWA staff Graeme Littlejohn and Susanne Cameron-Nielsen on 1 September at Scapa distillery. The Minister for Green Skills, Circular Economy and Biodiversity met with Mark Kent and SWA members to discuss the Deposit Return Scheme on 8 June. [redacted – section 30(b)(i) – Free and frank provision of advice]

[redacted – section 30(b)(i) – Free and frank provision of advice]

Mr Kent met DG Net Zero and DG Economy in June, and the Permanent Secretary in August. Regular meetings are held between officials and the SWA. These meetings have provided the opportunity to discuss issues of interest and concern to Government and/or industry.

#### Sensitivities

[redacted – section 30(b)(i) – Free and frank provision of advice]

## ANNEX B



## **Briefing**

### **Stakeholder profile**

- The Scotch Whisky Association (SWA) is the trade body for the Scotch Whisky sector in Scotland. The SWA's strategy for 2018-23 sets out three strategic goals for the period 2018-23: to drive exports and global competitiveness, shape a sustainable future, and build domestic foundation for growth.

### **Top lines on the Scotch Whisky sector**

- The Scotch Whisky industry is extremely valuable to the Scottish economy, in terms of production and exports and also tourism and hospitality.
- The Scottish Government meets with the whisky sector regularly to understand how the sector is performing.
- A Trading Nation sets out the plan for improving Scotland's export performance to raise revenue for Scotland's economy. Food and drink is one of our priority export sectors. Whisky and food and drink feature in our trade promotion activities, including inward investment and work by Scottish Enterprise/SDI.

### **Other relevant Scotch Whisky facts**

#### **Industry**

- The Scotch Whisky industry provides £5.5bn in gross value added (GVA) to the UK economy.
- There are currently 138 operating Scotch Whisky distilleries across Scotland. The industry supports agriculture, seed producers, farmers, grain merchants and maltsters – all critical to the industry's success. Further sites include e.g. warehousing, bottling halls and office spaces.
- The industry employs 11,000 people directly in Scotland, over 7,000 of whom work in rural areas. A further 42,000 jobs across the UK are supported by the industry.
- In 2019, there were 2.2 million visits to Scotch Whisky distilleries, making the industry the third most popular tourist attraction in Scotland. Two in three of those visits were international visitors. In 2020 the numbers fell to just 400k due to the COVID-19 pandemic.

#### **Exports**

- Scotch Whisky accounts for 75% of all Scottish food and drink exports.
- 21% of all UK food and drink exports are Scotch Whisky brands.
- The UK exported £4.5 billion worth of Scotch Whisky in 2021. This was up £705 million (+18.5%) on that exported in 2020 but down £402 million (-8.2%) on that exported in 2019. Quarter 1 2022 exports show further growth.
- The value of Scotch Whisky exports to the European Union, North America, and Asia and Oceania increased in 2021 compared to 2020 but were all down on 2019.
- Scotch Whisky is exported to 180 markets around the world. The US is the top export market for Scotch Whisky, with £789.8 million exported in 2021. This is up

## Briefing for the First Minister

£60.9 million (+8.4%) on 2020 exports but down £279.1 million (-26.1%) compared to 2019.

### **Sustainability**

- The Scotch Whisky industry's Sustainability Strategy includes the stretching target for the sector to reach net zero emissions in its operations by 2040.

## **FIRST MINISTER/INDUSTRY ENGAGEMENT**

### **In 2022**

**6 October 2022 (tbc)** – SWA and other trade associations to meet with Minister for Green Skills, Circular Economy and Biodiversity on the Deposit Return Scheme

**21 September 2022** – DFM due to speak at the SWA's Scotch Whisky Showcase

**1 September 2022** – SWA met with Cabinet Secretary for Rural Affairs and Islands on Orkney

**1 August 2022** – SWA met with Permanent Secretary

**16 June 2022** – SWA met with DG Net Zero and DG Economy

**8 June 2022** – SWA and member companies met with Minister for Green Skills, Circular Economy and Biodiversity

**17 March 2022** – SWA met with Cabinet Secretary for Rural Affairs and Islands

**2 March 2022** – Chivas Brothers/Pernod Ricard met with Cabinet Secretary for Rural Affairs and Islands

**Ongoing** – meetings with policy officials

## **TOP LINES**

[redacted – section 30(b)(i) – Free and frank provision of advice]

## **REACHING NET ZERO**

**Scottish Industrial Energy Transformation Fund (SIETF):** through the £34m fund, we are co-investing with a diverse range of manufacturers to reduce energy costs and emissions through increased process efficiency.

**10 November 2021:** Scottish Government published a draft Hydrogen Action Plan which aims to ensure that we take the actions needed to ensure Scotland is in the best possible position to achieve our ambition of 5GW of hydrogen production capacity by 2030 and 25GW by 2045. The final plan will be published later in 2022.

**25 January 2021:** Scotch Whisky Association launched its new Sustainability Strategy which commits the sector to reaching net zero emissions in its operations by 2040 and to reducing dramatically the environmental impact of Scotland's national drink in other areas.

## **TOP LINES ON SUSTAINABILITY AND INDUSTRIAL DECARBONISATION**

**We welcome continued engagement with such an important stakeholder and the opportunity to discuss how we can work together further to protect and grow both domestic and global trade opportunities.**

- Welcome this opportunity to speak to you about the whisky sector and issues of interest.
- Aware that you have met with a number of Ministers. It is encouraging to see this engagement.
- Positive too that you are meeting with senior officials and your team have regular engagement with policy officers. I would encourage you to continue this engagement as it will ensure issues of concern are picked up and addressed quickly.
- Cabinet Secretary for Rural Affairs and Islands will be your main contact and a strong relationship there will be beneficial for both the whisky sector and Government.
- I would like to meet at least once a year either with yourselves or with your member companies.
- Important for the SWA and the whisky sector more generally to share its good industry practices, for example on sustainability, with wider Scottish industry.

### **Industrial decarbonisation**

- [redacted – section 30(b)(i) – Free and frank provision of advice]
- Whilst many industrial decarbonisation powers lie with the UK Government, we work with BEIS and other devolved administrations on policies including: jointly developed Emissions Trading Scheme (UK ETS) to enable carbon markets to play a key role in driving a smooth decarbonisation for industry; securing infrastructure for deep decarbonisation such as the Acorn project for carbon capture and storage (CCS); and implementing the UK industrial Decarbonisation Strategy.

- Scottish Government is building on the framework of policies within our Climate Change Plan, in consultation with industrial sectors, to further incentivise investment towards net zero.

### **Incentivising investment in decarbonisation across Scotland's industrial manufacturers**

- Through the £34m Scottish Industrial Energy Transformation Fund (SIETF), we are co-investing with a diverse range of manufacturers to reduce energy costs and emissions through increased process efficiency. Funding to leverage asset-based private investment, including for deeper decarbonisation through fuel switching, will continue until 2026.
- To date, SIETF has offered funding to over 20 projects, leveraging over £20m in investment across a range of manufacturing sectors including food and drink (including Scotch Whisky distilling).
- In Scotland's Climate Change Plan update, we committed to launch a capacity-building programme to embed specialist Net Zero Transition Managers within EII to support planning and delivery of decarbonisation. We are engaging with a range of industries, including SWA and three large distilling companies, to inform the details of a pilot programme to launch this financial year.

### **Food and drink sector industrial processes and options to decarbonise**

- Heating processes are the leading driver for industrial emissions, accounting for 74% of emissions from Scottish EII, predominantly from the combustion of natural gas.
- The food and drink sector accounts for 28% of Scotland's manufacturing GVA, with a contribution of £3.6 billion to the economy. The large majority of businesses are small or medium sized enterprises. Distillation accounts for the majority of Scotland's food and drink production.
- The primary options for fuel switching focus on replacing natural gas in boilers with biomass, hydrogen or electric boilers, for use in steam generation.
- [redacted – section 30(b)(i) – Free and frank provision of advice]
- Since its launch, the SIETF expanded to include switching to low-carbon hydrogen. To meet action 11 of Scottish Government's Hydrogen Action Plan, our calls invite EII manufacturers to apply for match-funded grants to support the deployment of, or studies into projects such as fuel switching to renewable or low-carbon hydrogen.

### **TOP LINES ON HYDROGEN**

- Scotland is creating a hydrogen economy which will provide a renewable and low carbon source of energy, helping to meet our net zero ambitions, and economic benefit for Scotland.
- The development of a hydrogen economy with a strong export focus is a substantial economic opportunity for Scotland.

## Briefing for the First Minister

- Geopolitical events have triggered an acceleration of efforts to reduce fossil fuel consumption, reduce reliance on Russian oil and gas, and increase hydrogen production and use in Europe. We are witnessing a rush to grow a European hydrogen market that we wish Scotland to be part of.
- The finalised Hydrogen Action Plan will set out action in Scotland to ensure partnerships are in place, opportunities can be grasped and economic benefit derived.
- We will also publish a Scottish Hydrogen Investment Proposition by the end of this year. This will promote inward investment in hydrogen in Scotland and the export of renewable hydrogen.

### **Hydrogen Action Plan**

- The Action Plan is supported by a £100m capital funding programme, designed to accelerate and maximise the production of renewable hydrogen in Scotland.
- This investment is aimed at driving Scotland's hydrogen production capability to meet an ambition of 5GW of renewable and low carbon hydrogen by 2030 and 25GW by 2045.

### **Cromarty Hydrogen Project**

- Cromarty Hydrogen Project will be the UK's largest, producing up to 20 tonnes of green hydrogen each day. The North of Scotland Hydrogen Programme is aiming to establish a Hydrogen Hub in the Cromarty Firth to produce, store and distribute green hydrogen at scale.
- A key project for the North of Scotland Hydrogen Programme is a feasibility study exploring the opportunity to provide distilleries in the region with hydrogen to aid in the decarbonisation of their processes. The project is being completed with Scottish Power, Pale Blue Dot Energy and Glenmorangie, Whyte and Mackay, and Diageo. [redacted – section 30(b)(i) – Free and frank provision of advice]

## **ECONOMIC TRANSFORMATION AND GLOBAL TRADE**

**1 March** - Scotland's National Strategy for Economic Transformation was published. This sets out the priorities for Scotland's economy as well as the actions needed to maximise the opportunities of the next decade to achieve our vision of a wellbeing economy.

**11 February** – the 2021 Scotch Whisky export figures were published. Global exports of Scotch Whisky grew to £4.51bn during 2021, as the industry continues to recover from the impact of the Covid-19 pandemic. Quarter 1 2022 figures show further growth.

### **TOP LINES**

- [redacted – section 30(b)(i) – Free and frank provision of advice]
- Whisky and food and drink feature strongly in our trade promotion activities, including inward investment and other work by Scottish Enterprise/Scottish Development International.

### **GLOBAL TRADE ENVIRONMENT - Whisky**

- In 2020, global exports of Scotch Whisky slumped to their lowest level in a decade with whisky exports falling by 23% in value to £3.8bn. as Covid-19 and a 25% tariff in the US hit distillers hard.
- The closure of hospitality and travel restrictions hit airport retail globally, with export values falling in 70% of Scotch whisky's global markets, compared with 2019.
- The global footprint of the industry in 2021 shows clear signs that the Scotch Whisky industry is on the road to post pandemic recovery - [redacted – section 30(b)(i) – Free and frank provision of advice]
- Value and volume of trade has increased as markets open up post Covid restrictions. Global consumers are returning to bars and restaurants and there is an uptake on travel and tourism.
- The industry continues to face global challenges, including ongoing trade disruption, growing supply chain costs and inflationary pressures, and exports are not of a level yet that shows a clear return to pre-pandemic levels.
- [redacted – section 30(b)(i) – Free and frank provision of advice]

### **TRADE DATA - Whisky**

- Growth in 2021 was driven in particular by consumers in Asia Pacific and Latin America, with value increases of 21% and 71% respectively. Key emerging markets for Scotch Whisky - like India, Brazil, and China - grew strongly. Exports grew by 8% in the United States – the largest market by value.

### **HOW SG ARE PROMOTING SWA GLOBAL TRADE OPPORTUNITIES**

## Briefing for the First Minister

- **Free Trade Agreements** - To support the industry's continued recovery, the Scottish Government are leveraging global opportunities arising and mitigating risks arising from trade deals.
- We recognise that each agreement presents a different set of opportunities and challenges relating to tariff and non-tariff barriers and different trade objectives and approaches are required.
- [redacted – section 30(b)(i) – Free and frank provision of advice]
- **Scottish Development International (SDI)** has a team of seven food and drink international trade specialists based in Scotland who work proactively and intensively with around 50 distilleries providing advice and support on all aspects of trade, bringing in our global network of 17 food and drink trade specialists to support as and when appropriate.

### **TOP LINES - NATIONAL STRATEGY FOR ECONOMIC TRANSFORMATION**

[redacted – section 30(b)(i) – Free and frank provision of advice]



## **TOURISM RECOVERY**

### **Issues**

- Effective recovery is necessary to ensure the sector: contributes to economic transformation; delivers fair work, good sustainable jobs and value for communities; is a force for good in the economy and that Scotland is a world leader in future responsible tourism.
- In 2019, there were 2.2 million visits to Scotch Whisky distilleries a year, making the industry the third most popular tourist attraction in Scotland. Two in three of those visits were international visitors,. In 2020, numbers fell to just 400k due to the COVID-19 pandemic.

### **TOP LINES**

[redacted – section 30(b)(i) – Free and frank provision of advice]

### **We support whisky related tourism businesses right across VisitScotland's activity including our marketing, Quality Assurance, industry support, travel trade engagement**

- Some examples include (please note these are non-exhaustive, as whisky related tourism businesses are a feature across many of VisitScotland's channels and activity):
  - The [whisky landing page](#) on VisitScotland.com is one of the top performing food and drink pages on the site, last year it generated over 0.5 million page views. We also have a whisky map on VisitScotland.com.
  - VisitScotland creates some strong performing whisky content and promote through its owned channels.
  - VisitScotland delivered a £100k partnership campaign with Diageo over the autumn of 2021.
  - Participation and representation at VisitScotland's virtual Travel Trade event Scotland Reconnect 2022, which enabled Scottish businesses to connect with buyers internationally. This included: Scotch Malt Whisky Society, Scotch Whisky Experience, Spirit Of Speyside Whisky Festival.

## **DEPOSIT RETURN SCHEME**

**30 August 2022:** The Scotch Whisky Association, together with other food and drink trade associations wrote to the Cabinet Secretary for Net Zero, Energy and Transport calling on urgent action to avoid a failed Deposit Return Scheme.

**6 September 2022:** Minister for Green Skills, Circular Economy and Biodiversity replied offering a meeting to discuss the Deposit Return Scheme. Officials are also looking into what they can do on online-takeback and whether a re-melt target would assist in mitigating concerns about the quality of recycled glass.

## **TOP LINES**

[redacted – section 30(b)(i) – Free and frank provision of advice]

## **ONLINE TAKEBACK**

- [redacted – section 30(b)(i) – Free and frank provision of advice]
- It is vital to the success and fairness of our DRS that online retailers provide a takeback service to ensure that those who rely on online deliveries because of age, location, or disability can redeem the deposit.
- The Regulations provide flexibility over how the distance takeback service is to be delivered. For example, they allow retailers to work together to set up a system-wide solution to reduce the burden and increase efficiency.
- [redacted – section 30(b)(i) – Free and frank provision of advice].

## **GLASS**

- [redacted – section 30(b)(i) – Free and frank provision of advice]
- Including glass will greatly increase the environmental benefits of the scheme, saving over 1.2 megatonnes CO<sub>2</sub> equivalent over 25 years.
- It will also reduce the amount of harmful glass litter in our environment.
- The infrastructure required to support the inclusion of glass in the scheme means that it would be difficult and more expensive to phase in at a later point.
- [redacted – section 30(b)(i) – Free and frank provision of advice]
- We do not believe an enhanced kerbside scheme could deliver the level or rate of improvement that we will see through DRS.
- Packaging recycling rates have stalled, including for glass, and the current producer responsibility system is not driving improvement.
- DRS should deliver an 85% collection rate for glass by the second full year of operation at the latest.
- Extended producer responsibility (EPR) is unlikely to deliver the same increase in the quantity of material that will be realised through DRS, and that progress would be much slower.

DRS will reduce the amount of high-quality glass recyclate available to manufacturers. Why not introduce a re-melt target?

- DRS will significantly increase the quantity and quality of glass recyclate, creating an aggregated and high-quality feedstock for reprocessing.
- A significant proportion of this is projected to be clear glass which we know to be in high demand.
- Local authorities will continue to collect glass containers not captured through deposit return, as required by the Environmental Protection Act 1990.

[redacted – section 30(b)(i) – Free and frank provision of advice]

## ANNEX C

### Biographies

#### Mark Kent, CEO



Mark Kent joined the SWA as Chief Executive in January 2022.

Prior to joining the SWA, Mark was British Ambassador to the Argentine Republic from July 2016 to June 2021. He was previously Ambassador to the Kingdom of Thailand (2012-2016) and Ambassador to the Socialist Republic of Vietnam (2007-2010).

Mark has served in the British Embassies in Mexico City and Brasilia as well as the UK Representation to the European Union, and Supreme Headquarters Allied Powers Europe (SHAPE). He graduated in Law from the University of Oxford and gained a Masters degree in European Law and Economics from the Université Libre de Bruxelles in Belgium.

#### Graeme Littlejohn, Director of Strategy and Communication



**Graeme Littlejohn** joined the SWA in 2015 and was appointed Director in March 2019.

Prior to joining the SWA, he served as Head of Office to the Chief Secretary of the Treasury at HM Treasury and has previously held posts in the Scottish Parliament, European Parliament and Westminster.

Graeme has a Masters in International Relations from the University of St Andrews and spent 2013 working in rural Uganda on development projects as a Trustee of an education charity.

#### Susanne Cameron-Nielsen, Head of Engagement



Susanne Cameron-Nielsen is the Head of Engagement for the SWA. In this role, she looks after the industry's relationship with the Scottish Parliament, leads engagement with the Scottish Government and works with members to support the industry's growth and sustainability goals.

## Briefing for the First Minister

Susanne joined the SWA in August 2021, from the Children's Hospice Association Scotland. She has also worked for the professional body for pharmacists, Scotland's national older people's charity and in the Justice Department of the then Scottish Executive.

**1d) Nicola Sturgeon's meeting with Mark Drakeford on September 27, 2022.**

**BRIEFING FOR THE FIRST MINISTER**

**MEETING WITH WELSH GOVERNMENT FIRST MINISTER, MARK DRAKEFORD  
MS**

**27 September 2022**

<b>Key message</b>	Protection of devolution and respect for Sewel convention
<b>What</b>	Meeting with Rt Hon Mark Drakeford MS, First Minister of Wales
<b>Why</b>	Mr Drakeford is paying a short visit to Scotland and requested a meeting.
<b>Who</b>	Mr Drakeford will be supported by:  - David Davies, Special Adviser [redacted – section 38(1)(b) – Personal data relating to a third party]
<b>Where</b>	Bute House
<b>When</b>	11:30 hrs
<b>Likely themes</b>	- UK Government Relations - UKG Legislation - British-Irish Council - Covid Inquiries
<b>Media</b>	Photo and tweet from @ScotGovFM outlining topics covered in discussion.  Welsh Government to reciprocate – they are not briefing media about this meeting in advance.
<b>Supporting official</b>	David Rogers, Director Constitution and Cabinet
<b>Attached documents</b>	[redacted- section 28(1) – Relations within the UK]

**BRIEFING NOTE: FIRST MINISTER'S MEETING WITH WELSH GOVERNMENT  
FIRST MINISTER  
11.30 hrs, TUESDAY, 27 SEPTEMBER 2022, BUTE HOUSE**

**Agenda and Summary**

Agenda Items

1. UK Government Relations/ Wider Intergovernmental Relations
2. UKG Legislation
3. British-Irish Council, November
4. Covid Inquiries

Summary

[redacted- section 28(1) – Relations within the UK]

**BRIEFING NOTE: FIRST MINISTER'S MEETING WITH WELSH GOVERNMENT  
FIRST MINISTER  
11.30 hrs, TUESDAY, 27 SEPTEMBER 2022, BUTE HOUSE**

The meeting will take place in Bute House and is expected to be relatively short and high level. Mr Drakeford will be accompanied by:

- David Davies, Special Adviser

[redacted – section 38(1)(b) – Personal data relating to a third party]

[redacted- section 28(1) – Relations within the UK]

Welsh Government officials say that Mr Drakeford is likely to touch on the following issues.

1. UK Government Relations/ Wider Intergovernmental Relationships

[redacted- section 28(1) – Relations within the UK]

2. UKG Legislation

[redacted- section 28(1) – Relations within the UK]

3. British-Irish Council, November

[redacted- section 28(1) – Relations within the UK]

4. Covid Inquiries

The Scottish Government has established a statutory public inquiry, chaired by the Hon. Lady Poole, under the Inquiries Act (2005) to examine the handling of the coronavirus pandemic in Scotland. The UK Government has also set up an inquiry, chaired by Chair, Baroness Hallett, under the Inquiries Act (2005), to examine the UK's preparedness and response to the coronavirus pandemic, and learn lessons for the future. The UK inquiry will examine, consider and report on preparations and the response to the pandemic in England, Wales, Scotland and Northern Ireland.

[redacted- section 28(1) – Relations within the UK]

**BACKGROUND - LPP OTHER INQUIRIES**



## Briefing for the First Minister

For other Public Inquiries within Scotland, where the decision to waive LPP material has been granted it has been on a case by case basis dependent on the material in question. Of note is the Scottish Child Abuse Inquiry which used its section 21 powers from 2016 onwards to serve notices on the SG for provision of information including LPP material. The Lord Advocate authorised the waiver of LPP in this instance, subject to certain qualifications, but made clear that to waive privilege was exceptional in its nature and entirely dependent on the particular circumstances of this Inquiry.

### **RESPONDING TO THE COVID INQUIRIES**

[redacted- section 28(1) – Relations within the UK]

## **ANNEX A**

Summary of the main UKG/ SG engagement since new PM appointment.

[redacted- section 28(1) – Relations within the UK]

[redacted – section 25(1) – Information otherwise accessible]