

## **DIAGEO RESPONSE TO NATIONAL PLANNING FRAMEWORK FOR SCOTLAND 2 DISCUSSION DRAFT**

### **Introduction**

Diageo is the world's leading premium drinks business. With its global vision, and local marketing focus, Diageo brings to consumers an outstanding collection of beverage alcohol brands across the spirits, wine and beer categories including Smirnoff, Guinness, Johnnie Walker, Baileys, J&B, Captain Morgan and Tanqueray. Diageo trades in some 180 countries around the world and is listed on both the New York Stock Exchange (DEO) and the London Stock Exchange (DGE).

Scotland is Diageo's largest spirit supply centre responsible for producing nearly 50 million cases of leading brands of Scotch Whisky and white spirits and over 6 million cases of Ready To Drink brands annually. Around 90% of the brands produced in Scotland are sold overseas and thus Diageo accounts for approximately 25% of Scotland's total food and drink exports. Diageo employs over 4,000 people in Scotland across 50 sites. We currently operate 27 malt distilleries and two grain distilleries and, as well as engineering and technical support functions, there are extensive warehousing operations, which store up to 7 million casks of maturing spirit. The company's Scottish headquarters are in Edinburgh, whilst packaging is focused at three plants in Scotland: Leven in Fife handling white spirits, Ready To Drink products and Scotch malt whiskies; Kilmarnock in Ayrshire bottling the complete range of deluxe Scotch whiskies; and Shieldhall near Glasgow, the largest plant of its type in the industry, packaging Diageo's high volume Scotch Whisky brands.

Diageo welcomes the Scottish Government's commitment to extensive participation in the preparation of NPF2. We also welcome the statutory basis that has been given to NPF2 and the ability it provides to identify developments of national significance that will be, subject to proper and widespread consultation, agreed in principle by the Scottish Parliament. This should allow such developments to be more efficiently and swiftly progressed. By extending the role of the NPF to provide the statutory backing for national projects, the considerable delays in implementing such projects, which have occurred in the past, causing cost overruns and damage to the economy, should be overcome.

### **Comments**

1. In general Diageo supports the vision for Scotland to 2030 outlined, although greater clarity would be welcome. However, there is a lack of detail regarding how the vision presented will be achieved.
2. The goal is to be aspirational for the future while still addressing the challenges that currently exist. Through spatial policies NPF2 should encourage and, perhaps, instigate change for the better, while also seeking to enhance and improve current conditions. Taking freight policy as an example, planning policies designed to increase the amount of freight transported by modes other than road should be developed alongside policies to support the efficient movement of road freight.
3. The current document does set out the likely trends and challenges that will impact on Scotland in forthcoming years and this is a useful source of reference, although perhaps rather limited in its analysis. However, it does not provide a clear enough vision or guide as to how these will be addressed and, by doing so, what beneficial results will ultimately be attained. The document needs to provide more of a lead as to the direction of policy and how Scotland is expected to develop over the relevant period.

4. That is not so say NPF2 should dictate this direction. In the main, the pattern of economic activity is, rightly, determined by the market and not by government planning. NPF2 should not be seeking to change the existing pattern of economic activity in Scotland. Its role will be in facilitating this economic activity working alongside and complementary to the market. However, there are instances when the market does not or is unable to provide the required solution, such as in rural or economically excluded areas, and it is at this point that government can play a crucial role.
5. Part of NPF2's role is in guiding, supporting and enabling developers and the private sector with their major investment decisions and help to align these with public sector plans to regenerate, connect, support and enhance people and places. NPF2 should provide a safeguard on unsustainable or irresponsible development and show how nationally strategic projects will integrate into the wider Scottish geographic and economic framework.
6. The current document does not easily allow engagement and makes it difficult for external players such as Diageo to identify the likely direction of policy and development. For example, the document does not offer a means of identifying future development locations, which can inform and guide the decisions of others.
7. There are also possible conflicts between the 12 elements listed in paragraph 150 of the document. A clearer indication of how these will be balanced and potential conflicts resolved would be beneficial.
8. A concise summary of document would help business and other interested parties access and engage with the document. The action programme that will accompany the final NPF2 may help to achieve this.
9. It is not sufficiently apparent to Diageo as to how the aims and objectives that are set out in the document are to be achieved. The Drivers of Change and Scotland section sets out a number of issues but does not show how they will be addressed in any detail. Neither does the document indicate what, were the objectives to be realised, the results would be for Scotland as a society and economy. Again the action programme that will accompany the final NPF2 will need to contain much of this information, but some indication at this point would have been useful.
10. Diageo is a major user of freight transport in Scotland, in particular transport by road and sea. It is of concern that, despite the production of a National Freight Action Plan, the NPF2 still sets out the main issue for freight as being one of modal shift from road to rail. There are significant challenges to obtaining modal shift so initiatives focused on this are welcome and should be encouraged, but proper account should also be taken of the many other challenges facing the freight industry and the reality of how the vast majority of freight moves around the country and beyond.
11. The movement of goods within, beyond and to Scotland's borders is vital in keeping our business functioning. Strategic multi-modal freight hubs are required in Scotland and the Freight Action Plan Implementation Steering Group must address this through the Freight Action Plan.
12. In addition to the identified capacity issues, one of the other main issues for Scotland's ports in general is obtaining efficient access and integration with the road and rail network to facilitate intermodal transfer of goods and encouraging greater international connectivity. Our own priority is freight transport but we also recognise similar issues with passenger transport.
13. Non-renewable energy sources will continue to be the main source of Scotland's energy provision. This is not properly addressed within NPF2 and raises significant concerns regarding the potential of an energy gap occurring in Scotland in the near future. This concern should be examined within the Government's Energy and Planning policies, as well as within the context of Scotland's climate change commitments.

14. Diageo agrees that NPF2 should, through extensive consultation and analysis, identify and establish in principle the development of necessary nationally strategic projects. More detailed explanation is required regarding how the nine projects will contribute to economic growth and, indeed, how they will be prioritised. Of those listed, the two most important developments for Diageo are the replacement Forth crossing and enhanced access to the Grangemouth Freight Hub. In addition, we would also highlight the need for further upgrading of the Kingston Bridge, the A74 extension, and required A9, A96 and A95 improvements.
15. Further to this, it is not clear how projects will be brought forward for inclusion in NPF2 and whether there is flexibility over the content of the list. Flexibility would ensure the NPF is responsive to changing needs and priorities.
16. Prioritisation of the nine projects is essential and the criteria for determining that prioritisation should be set out, for example, each project's contribution to economic growth. This would then help prioritise the resources needed to deliver the projects. Some of the nationally strategic projects identified, such as the Scapa Flow Container Transshipment Facility and the Rosyth International Container Terminal, are long term and aspirational compared to the immediate need for others, such as a replacement Forth crossing, so prioritisation is key, as is the need to consult closely with industry and business to ascertain the priority projects which best meet the sustainable economic needs of Scotland.
17. Energy projects were also suggested for inclusion. The long-term interests of the Scottish economy demand that Scotland plays its part in tackling climate change and produces clean, affordable and reliable power. The inclusion of grid reinforcements to support renewable energy initiatives is welcome. Onshore and offshore wind alongside tidal and wave energy all have a role to play and must be supported by the planning system in the longer term. However, it is not just investment in the energy grid that is required to support renewable energy. Transport access to these renewable developments will also be required and planning policy needs to reflect this.
18. Diageo fully recognises that it would be impossible to include every project listed above in NPF2. However, this highlights the significant amount of infrastructure development considered to be required in Scotland. It also emphasises the importance of explaining very clearly the decision making process behind the selection of the national developments and the need for each project to be consistently measured against the selection criteria.

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