

Environment, Food and Rural Affairs Committee

Oral evidence: COVID-19 and food supply, HC 263

Tuesday 19 May 2020

Ordered by the House of Commons to be published on 19 May 2020.

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Members present: Neil Parish (Chair); Ian Byrne; Geraint Davies; Dave Doogan; Rosie Duffield; Mary Glendon; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray; Julian Sturdy; Derek Thomas.

Questions 95 - 126

Witnesses

I: Ian Wright CBE, Chief Executive Officer, Food and Drink Federation; Nick Allen, Chief Executive, British Meat Processors Association; James Bielby, Chief Executive, Federation of Wholesale Distributors.



Examination of witnesses

Witnesses: Ian Wright, Nick Allen and James Bielby.

Q95 **Chair:** Welcome, everybody, to another session of the Environment, Food and Rural Affairs Select Committee on our food and food supply. Welcome to all the members, and welcome to Ian, Nick and James. Ian Wright, would you like to introduce yourself, followed by Nick and James?

Ian Wright: It is very good to be here. Thank you for inviting me and all of us. I am Ian Wright. I am the chief executive of the Food and Drink Federation, which represents over 300 member companies, individuals and 18 trade associations. We are one of the organisations that speaks for food manufacturing across the UK, and we account for about 30% by value of the industry.

Nick Allen: I am Nick Allen. I am chief executive of the British Meat Processors Association, which represents the large meat processors in the country, covering beef, lamb and pork. We probably represent about 65% of the lamb consumed, about 80% of the beef, and about 90% of the pork.

James Bielby: My name is James Bielby. I am the chief executive of the Federation of Wholesale Distributors. We represent 600 wholesalers supplying food and drink to 72,000 retail customers and about 450,000 food service customers. Our members have a collective turnover of about £26 billion, and we have been affected heavily by COVID-19.

Q96 **Chair:** I shall start off with the first question, which is fairly straightforward. Are you satisfied with the way that Defra has sought and shared information with the industry to manage supply chain disruption?

Ian Wright: I would pay some tribute to Defra for the way it has handled this crisis. It has been extremely effective at bringing the industry together. There are a number of us who take part in a call every morning—it is now two mornings a week, but it had been every morning—called the Food Resilience Industry Forum. I think both Nick and James are on that call. Its job is not to debate issues but to unblock the supply chain. It was formed just after the early part of the crisis, when we had empty shelves in supermarkets. We might come back to the reasons for that. It has been very effective. It is chaired by a guy called Chris Tyas, who was formerly a very senior distribution global supply director in Nestlé, and it brings together over 100 people from leading retailers, manufacturers, distributors and the whole food supply chain. It is very effective at raising issues and it is a great initiative.

Many of us feel that, although there have been bumps in the road on dairy and other things—I know that Nick will speak about the difficulties with beef—the level of engagement with the Secretary of State, Ministers and senior civil servants is really excellent compared with other Government Departments—and I am on calls with several other Government Departments. They have not always been able to solve the



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problems, but their intent and their commitment to trying to solve them has been first rate.

Q97 Chair: Thank you, Ian. I know you do not pass out bouquets of flowers unless it is necessary, so I appreciate those comments. Nick, do you want to have a go now? Part of the question is about calls for greater transparency about communication between Defra and the food industry during the crisis. Nick, have you found a need for more transparency? Where are you on it?

Nick Allen: I would echo what Ian said. We have found the Food Resilience Industry Forum extremely useful. We have also been sitting on the Food Chain Emergency Liaison Group, which has also been a useful contact. We have found that individual members of staff within Defra have been very good about getting in touch with us and helping us to understand the issues. We have had a number of separate calls with them dealing with particular issues.

All in all, I would say that Defra has done very well in helping us through this. As you are aware, there was a specific issue in the beef industry around carcass imbalance and we had a specific meeting that was chaired by George Eustice. We also had another separate meeting that was chaired by David Kennedy, which helped get everyone around the table to discuss the issues. That helped a lot. I am personally very happy with the engagement with Defra.

Q98 Chair: You mentioned the carcass balance on beef. There is not enough mince, basically, and too many steaks and joints, because we eat those more when we go out. What is the situation there at the moment?

Nick Allen: I am happy to say that it is improving greatly. It stemmed out of the forum that David Kennedy chaired, where the retailers, the processors and the farming side were all there and were able to discuss openly the problem. While there were no specific actions that came out of that meeting, everyone went away with a better understanding, so we have seen the retailers and the processors promote steaks and put them on promotion. We have seen the levy boards come in and actually put some money into promotion. We are looking at it now and seeing that we are in a much better place than we were three or four weeks ago.

Q99 Chair: There were one or two retailers that had quite a lot of Polish mince at one stage. Is there less Polish mince and more British mince in the supermarket?

Nick Allen: You are very aware of the answer to that, Chair. Let us put that in context. That was an extraordinary week when beef sales actually doubled compared to the week before. Almost 10,000 tonnes of extra beef had to be found in that particular week and panic had ensued right the way through. No, I do not think there is too much Polish mince around now, and I am happy to report that the balance that is being sold at the moment is an awful lot better. Steak sales this last week were up about 20% on this time last year, so that shows that the promotional activity is working.



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Q100 **Chair:** James, has Defra's communication with the food industry been accessible and useful for small businesses? There is an issue sometimes about whether small businesses have been able to access the market properly.

James Bielby: Yes, that is a good question. I would echo the points that Ian made. We have had some really good contacts at the most senior level, from the Secretary of State right through down the officials, as well as through the daily calls with Chris Tyas's group.

One of the things that did happen as a result of that forum was a specific call set up to address the issues faced by small stores around allocation of product from suppliers. As a result of that forum existing, small businesses were able to plug directly into Government to talk about some of the challenges that they have faced. We have had ongoing and helpful discussions with Defra colleagues, which has been great. We have not seen any specific sectors receive support as a result of those conversations but the issues are well understood and well rehearsed now.

That is not necessarily replicated across other Government Departments. For example, Her Majesty's Treasury has perhaps been less receptive, and I am not sure that it comprehends the enormity of the food supply issues with regard to sector-specific support. Defra has certainly done a good job of reporting those in on our behalf, and we have an opportunity for our members to talk directly with officials. Defra actually produced a survey to frame some of the issues that we have been facing, which we then disseminated to members, and I can give details of some of the findings later in this session. That was really helpful because they were able to say, "These are the issues we want to know about", and then help design that survey, which we then sent out to our members.

We have no complaints about Defra's communications, support and links into the small business sector, but we have some complaints about the lack of support resulting from those conversations.

Q101 **Chair:** We are not the Treasury Select Committee, but we would be interested in some written evidence about problems you have had with the Treasury, and we will make sure it gets to the Treasury. Do you want to add anything to that?

James Bielby: It says that Defra is the sponsor Department for me, Ian, Nick and others, and that the lines of communication are therefore through Defra. Defra does a great job of that, but the hierarchy of Government perhaps does not allow the cut-through. We wanted some direct dialogue with HMT, which we did have around a corporation tax issue, which was helpful, but we have not had any further dialogue, and we are relying on a third-party conduit. That is fine, but some members, not necessarily understanding how the Government work, would rather have direct dialogue with the Treasury, given that they are the ones making the decisions on financial support.

Chair: That is a point well made, and like I said, we will pass it down the line. Speaking to the Treasury is a little bit like speaking to God—you



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realise that—but we will do our very best to make sure we get the message through.

Q102 Geraint Davies: I want to ask about social distancing and protective equipment, how difficult it is to introduce it, and what progress has been made. I know from the Office for National Statistics that elementary plant processing accounts for something like 1.7% of deaths, whereas it is 0.3% of workers. In other words, you are six times more likely to die on a simple plant processing production line. I was wondering what the situation was across the industries we are talking about.

In Wales, of course, the two-metre rule is now legally enforceable, and it is advisory in England. I was just wondering what progress has been made on PPE and social distancing, and what more could be done.

Ian Wright: First, clearly, the need to introduce social distancing was something that occurred for us on 23 March, immediately after the Prime Minister's lockdown announcement, although it had been introduced in plants and factories in the two weeks before. We have very much gone through a process across the industry of learning by doing. There was a lot of work done in that first week about how you could position people on the factory lines, and Public Health England was extensively consulted on this, as were Food Standards Scotland and the authorities in Wales.

PHE has largely taken the lead across all of the devolved Administrations and England on the guidance initially on factory configuration. It was not just on the line, but entrances to factories—taking out keypads and replacing them with cards to show to people, so there was the minimum amount of physical contact. Similarly, we had to reconfigure cafeterias, wash-up areas, showers, changing rooms, lockers, smoking areas and outside areas.

We also had a big issue about how people got to work, because there is not a lot of public transport in areas for food factories, which are often on the edges of towns and not in the middle of major conurbations. There is a food and drink manufacturing plant in pretty much every constituency in the country, so they are very widely dispersed and not always well served by public transport. For example, we had to think about car-sharing, which is counterintuitive in this sort of situation, but we got good guidance from PHE.

On the subject of your figures, food manufacturing is divided across a series of different classes of worker. The ONS figures show that the number of reported deaths due to COVID-19 are really quite small. When you consider that 500,000 workers have been going to work seven days a week for eight weeks, it is quite encouraging that we have not seen major infection rates, although we have seen a couple of relative hotspots, which is to be expected.

On PPE, do not forget that all of our plants are hygienic. They are very much regulated by the Food Standards Agency. Many workers will already be wearing if not PPE, then particular clothing. They would almost all change into either hard hats or hair nets. They would all have special foot



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coverings. They would all be wearing special clothing. We have not seen a lot of PPE, although there has been PPE in some specialist plants and, in particular, in baking and milling situations, as well as chicken-catching and agriculture. Nick might know more about that in some of his plants.

Trying to get hold of face coverings, masks and that type of equipment has been a major issue through the whole of this. The guidance on masks has been a real concern for all of our members and everybody in the industry. We are now in a position where face coverings are advised for the general public but, of course, they are not advised in food manufacturing plants because, if you come in off the street having worn a face covering, it will be unsanitary and so you will have to put it in a locker, probably double-bag it, wear a fresh one when you leave and sanitise yourself having worn it. The face coverings guidance is a little complicated for us and is still being updated. That is a long answer, but I hope it is helpful.

Q103 Geraint Davies: Should more be done by Government in terms of provision of PPE? We hear quite a lot of cases now of producers of PPE being told that, with so many people emerging with new PPE production, "We do not need it", "It is not good enough", or whatever. I was just wondering whether there were any further comments on that.

Nick Allen: Ian has articulated the challenges extremely well. We are starting from scratch. This is something that had not been done before. Plants certainly were not designed to cope with two-metre distancing. Everyone was on a really steep learning curve.

In food plants, you are actually wearing an awful lot of PPE. It is only what you are wearing around your face and head that is different. If you go into a meat plant, you are wearing hygienic clothing; we always have that, and where people have needed face masks or face protection, we have had that anyway.

One of the challenges we had in the early days was the lack of clarity of the advice from Public Health England. It was slow coming through. Ian mentioned those food resilience meetings in the mornings. There was one week where every day we were assured that, by the end of the day, we would have the information that we needed to discuss with our members and that they needed to discuss with the people working in the plants. We waited all week for it. Eventually, we were told it had come through on the Monday, and then—dare I mention devolution?—it was held up another two or three days because it had to go through the devolved Governments. In the meantime, as an association, we formed our own best guidance for practice. It started in Northern Ireland, where they created a Northern Ireland protocol, and then we introduced it to all our plants.

It has been a really steep learning curve. We now have a lot of things in place that Ian highlighted and—touch wood—it is working fairly well. We are looking on a daily basis for ways to improve that.



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In terms of the issue of equipment, yes, the clarity of the advice coming forward is still a bit vague, particularly around the face masks, what you do around the head and what the right equipment is and is not. That is still open to question and, of course, we get a lot of people trying to sell us things that are not up to scratch. Almost having some standard for it would be extremely helpful. Whilst they are sort of there, they are not there yet.

Q104 **Chair:** James, it perhaps does not affect wholesalers quite as much, does it?

James Bielby: Colleagues in the wholesale distribution sector would not habitually wear face coverings in the business-as-usual environment, but we have seen pressure from colleagues working in that environment who want face covering. The point that my two colleagues have made about the lack of information and guidance from Public Health England has not helped that issue. As Nick says, it was raised frequently on the Food Resilience Industry Forum call; we were promised that the guidance was ready, but it had not been published. All the while, people working in food and drink distribution were seeking clarity and seeking face coverings when they did not really need them, and businesses made their investment as a way of getting people to work and making people feel safe in a trustworthy environment.

The lack of information, which has actually only come out in the last week, around face coverings and their use in public settings where social distancing is not possible has been less than helpful. I do not think we are really any clearer about the need for face coverings in the environments we are talking about, where they would not be worn in business as usual.

Chair: More clarity is needed.

Q105 **Geraint Davies:** On the face coverings, I assume what has been said by Government, essentially, is that if you are wearing a face covering, you are protecting other people as opposed to yourself, but you are protecting yourself insofar as you do not touch your face with your hands.

I am still not quite clear to what extent witnesses feel that the two-metre ruling is being observed. If it cannot be observed, what should be done to observe it?

Ian Wright: I think it is being observed in just about every circumstance where it can be observed. Factories have been fairly significantly reconfigured so that people stand next to each other but do not face each other. That has already been said.

There are one or two circumstances—perhaps in abattoirs and one or two other similar places—and some specific settings where the design of the factory requires people to stand closely together. PHE has recognised that. FSA has recognised that. That is by far the minority of cases.

Can I just say something about the guidance? There are two problems. One is that the science apparently is pretty clear that face coverings are



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not helpful, but they are very much relied on by the public for confidence, and so it is a confidence issue, not necessarily a health issue.

The other thing is that some of the delays in the guidance coming out at the start of this were down to not PHE but the rest of Government getting aligned with it. We were told on a couple of occasions that the guidance had been provided by PHE but had been held up in the Cabinet Office. I find that a little difficult to believe. I suspect that Michael Gove and crew would want to get that out as fast as possible, but I do think the machinery of Government was not set up for quick guidance to be issued quickly; Nick has mentioned devolution as well. I saw Tom Tugendhat mention this in a piece over the weekend. That is something that the Government could look at for future crises, in terms of speedy issuing of guidance on all matters, not just on face coverings.

Chair: That is a good point, Ian.

Nick Allen: Ian has said it. Where practically possible, it is being observed in plants. There are an awful lot of Perspex screens and barriers being put in place, and reorganisation around the plant to accommodate this as best we can. However, there are certain places where it is very difficult to do. To some extent, there is another issue that comes into play, which is the health and safety issue. If you put barriers up that get in the way when people are brandishing sharp knives, you have to bear that in mind as well. I can assure you that, where practically possible, it is being implemented.

Q106 **Mrs Murray:** Can I move to the Government now saying that they want people to go back to work unless they can work at home? Are there any further measures that are needed to keep the factories and the abattoirs open? In my constituency, I visited Samworth Brothers, which has the big Ginsters factory. I know that it has been held up as a model as far as food hygiene is concerned. It has a double bank of handwashing facilities between its cold preparation area and the hot area. Are there any other measures that will need to be put in place between now and when people can go back to work normally?

Nick Allen: The back-to-work thing does not really apply to food services because we have never not been there. In fact, it was with a degree of amusement that we saw that food production was at the top of the list of people who should go back to work.

I am aware that what we considered to be administrative staff have not been coming into work and have been encouraged to work from home. Most people have found ways to make that work reasonably well, and I think they will only bring them back into the offices when they are happy that they have the structure in place, particularly since they have been so used to ensuring that in the rest of the factory. Bear in mind that if you bring more people into a place, that means having a bigger restaurant area, and you have to implement social distancing.



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From our members' point of view, it probably will not affect us too much. We are gradually bringing people back as we need them and as we are ready for them.

Ian Wright: That is exactly right. The people in offices, by and large, have not been in the workplace, although field salespeople have been out, and they are very important to all of this, and are often working in isolated conditions, and therefore need to be remembered in these circumstances.

We will begin to see people coming back to offices outside central metropolitan districts. Samworth would be a great example. I am in Rutland and that it is just up the road. In fact, one of the senior executives lives two doors down from me. I should think he is at work today, not watching us. Its staff work in an office building onsite. It may be easier for them to come back in Melton Mowbray than it would be, for example, for Coca-Cola in the middle of London. There will be a "horses for courses" approach to this. Clearly, you will not be able to come back to work in central metropolitan districts until public transport is sorted out, both from a safety point of view and, most importantly, in terms of willingness to use it. I just make that point in general.

The commitment of workers in the food and drink industry over the last eight or nine weeks has been astonishing. I was hearing that our absence rates have dropped down from about 20% at the start—Nick and James were on the same call today—down to as low as 5% and 7% in manufacturing. That is a remarkable testament to their willingness to come to work in the national interest. We have called them hidden heroes and I know that many of you would agree with that. It is something that we need to keep remembering. We need them to stay at work through this next phase because they are playing a very important role in all of this. My guess, going back to Geraint's earlier question, is that they would not come unless they were fully satisfied that where they were working was safe.

Q107 **Mrs Murray:** I am in a very rural constituency and a lot of the factories have their own transport. They have minibuses to go around and transport the workers into the factory, which obviously creates a problem. Could I just ask our witnesses if they have observed any problems with that connected with attendance level?

Nick Allen: Certainly in the early days there were quite a few problems. We actually had the police stopping vehicles going to work and turning them around and sending them back. It is a learning curve for everyone and I am not criticising anyone. Everyone had to learn their way around it. They do two runs with fewer people in them so that they are not so packed. You just have to find your way through these things.

Your earlier question was about what else could be done. It would be very helpful to get more public transport up and running and moving a lot more quickly, because that would take the pressure off everyone all round in terms of getting people to work, and most of it has dropped



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away quite a bit. In rural areas, we have just had to find our way through it as best we can. The problems have settled down but in the early days we certainly had some problems.

James Bielby: Going back to the first question, the food service industry has been hugely hit by COVID-19, with the immediate lockdown via the emergency measures. We have a turnover of about £11 billion across our members. Some of those members have seen 95% of their volumes disappear overnight. They are still trading at a huge loss to provide services to care homes, the NHS, justice, Government Departments and a whole range of different public sector contracts, at huge expense to them with no support from the Government.

The colleagues that they have furloughed as a result have been those who are office-based. The ones who are coming back as part of the restart will be those people who are working in support functions—perhaps telesales, office sales or whatever it may be—so there will be a need for some change in order to allow them to work safely. The use of furlough has been really helpful in stopping those businesses that supply food and drink into critical infrastructure going bust. The flexibility that is coming in August will be helpful but, in order to help and facilitate the restart, it would be really helpful if there was an option to bring those office staff back, perhaps from 1 July, on a part-time basis. Obviously, we would be able to implement social-distancing measures.

There are a number of other challenges associated with the customers, but I understand that that will be a conversation for a separate session of the Committee. There has been a huge downturn in sales for obvious reasons, which has led to a lot of staff being furloughed. They will be brought back now as part of the restart process, and they will be typically office-based.

Q108 **Chair:** Have there been any problems with people getting tested as essential workers? I do not know whether Ian or Nick wants to comment on that, in relation to the processing of food in particular.

Nick Allen: Fairly early on, we tried to encourage our members to register so that they could get their staff tested. We still, to this day, have some members that are struggling with the portal and struggling to get the tests through. It is getting better and better, but, yes, it has not been the easiest thing to do. More concerning is the length of time it sometimes takes to get test results back. In an ideal world, you would be seeing these test results back in two days, but very often we are hearing that it takes six days, sometimes more, for the test results to come back. There are still problems out there, yes.

Chair: The tests need to come back quicker when they are being made as well, because otherwise people can be off work unnecessarily if they test negative. Yes, we get that message.

Ian Wright: I totally agree with that. Initially, there were quite a lot of problems about getting people through the portal and getting them tested. Now, the problem is results. We have had 10 days as a relatively



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regular occurrence in some geographical locations. The problem with that is not just what you mentioned, Chair, in terms of having people off in that period, but you only know what their status was when the test was taken 10 days ago, so it could have changed in the week since.

Chair: Yes. Of course, if the test is positive, it is a bit late to trace who they may have been in contact with. Yes, we get that.

I just want to say how essential the food workers are in the processing industry and how much we owe them for keeping our food chains going, because it is quite remarkable that we have managed to do that in the country, and we should pay tribute to them—not only the farmers who grow and produce the food, but all those who process it and deliver it to people's doors, as well as through the supermarket. Let us put on public record that we thank them very much for what they are doing, because I do not think they always get recognised enough. Thank you for raising that.

Q109 Derek Thomas: Even before the lockdown became official, retailers were under tremendous pressure to make sure their food shelves were stocked. We saw panic-buying long before the lockdown became protected in law. Do you have concerns about, or have you seen evidence of, suppliers being mistreated by retailers in order to manage this disruption? Have you seen suppliers almost suffer at the hands of retailers in order to deliver food to people?

James Bielby: I would say it is the exact converse of that, to be honest. It is not so much retailers abusing their position in order to get supply from the manufacturers; there has actually been much more of an issue around allocation of product into retail. That is for a number of different reasons, many of which Ian will be able to outline.

For example, we have seen range rationalisation, so there are fewer products being produced at a time when demand has gone up on the retail side. In the 72,000 smaller stores that we supply, we have seen, year on year, an increase of 24% of sales into retail, and they are in categories that would not normally be as strong as other categories—for example, things such as grocery or household. What we have seen as a result is that a lot of supply to wholesale, and then to retail, has been shorted. As I said in my opening remarks, that has been raised via the Food Resilience Industry Forum.

There are a number of reasons for this. The allocations are based on pre-COVID-19 algorithms, and we have seen an uplift in sales that are not reflected in the allocation of product as a result of that increase. That has been quite challenging.

We have also seen a removal of products specifically for the smaller store format—price-marked products or products on promotional pricing—which has meant that there has been an increase in price to consumers in areas where there is often no other option for shopping, such as in vulnerable communities or rural areas such as Cornwall.



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The question you have asked is a really interesting one, but, from the perspective of the smaller stores, we have seen a focus on the suppliers not providing the products that are needed to meet demand as opposed to some pressure being put on suppliers by retailers. Although competition law has been waived as part of the COVID-19 response, it actually has not had an impact on allocations into the smaller store format.

Ian Wright: I agree, more or less, with every word that James has said. Think about what happened at the start of this. You are right that it happened before the lockdown. It was actually happening in the two weeks before the lockdown. In a lot of cases, the UK diner, if we can call them that, decided not to go out; they stayed in. Before the lockdown, let us say on 28 February, 30%, give or take, of food was consumed in what we call “out of home”; that is contract catering, pubs, clubs and restaurants or food to go, like sandwich shops or whatever. By and large, in those two weeks before the lockdown, the British shopper decided that they were going to eat everything at home, and that 30% walked across the road to retail.

The consequence of that, as James rightly says, is that the fantastic just-in-time processes that got shelves absolutely stocked pretty much every time rely on using immediate previous behaviour as a predictor of the next behaviour. That is fine unless the next behaviour is completely different, which it was, so the algorithms were completely banjaxed. As a consequence of that, shelves were empty and the distribution system, more importantly, that got stuff from the manufacturers to the distribution centres and to the shops began to be incapable of dealing with the demand.

In one weekend, demand in some stores was up 1,000%. I do not know if this is literally true, but I was told that John Lewis sold out of freezers because people were going home and getting themselves ready for what they thought—rightly, as it turns out—would be a prolonged period of eating at home. The consequence of that was that the system could not cope and companies such as Tesco brought in tens of thousands of extra workers, mostly in the distribution centres, to manage that system.

As part of that, as James rightly said, a number of manufacturers were asked to reduce the number of SKUs—different varieties of product—so that they could produce more, and more quickly, particularly at a time of absenteeism, which at that point, as I said earlier, was around 20%. Instead of stopping the line, changing the label and putting on a different bottle size or whatever, manufacturers pared down to very small numbers of stock-keeping units or individual products.

Yes, there has been disruption, and convenience stores and local stores and other parts of the system were disrupted and hit, and we have had to address that recently. I do not think there has been abuse by anybody, as far as I can tell. It has simply been the case that nobody has ever had to do this before, as Nick said earlier, and we have all had to work it out. In some ways, that is the same problem that the Chair alluded to at the



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start: that there are too many steaks and not enough mince or whatever it happens to be. We are trying to project new eating habits out of a supply system that is entirely designed to serve old eating habits.

Where that goes is an interesting question about what happens as hospitality and out-of-home comes back.

Q110 **Derek Thomas:** In a rural area such as Cornwall, we saw a tremendous response from the small corner store and the convenience store to meet the needs of their local community, particularly the older people who had been told to stay home for three months. Are you basically saying that it is not mistreatment but rather a favouring of or a weighting towards out-of-town supermarkets over the small convenience store that had an immediate and very important need to supply to a local village community such as where I live?

Ian Wright: James is going to answer that better than I can in a second, but I have exactly the same thing here. I am locked down in Whissendine in the middle of Rutland, where I am reliant on our excellent village store, which is in exactly the same position. I was at the other end of this, and I completely defer to James's explanation of this.

James Bielby: The question you ask is a very good one, but the key was not about the prioritisation of one channel over another; it was the fact that products were being produced in a different way and there was no sales history of those products. For example, in a smaller convenience store you might have a convenience pack format that was removed because of the reasons that Ian outlined. There was no sales history for the wholesaler to order those products, and therefore they were not allocated the product against the multiples, the big supermarkets. That led to shortages on shelves. It was to do with the way the system was set up.

That was then overridden, but there were also some challenges around minimum order quantity. For example, if you are a wholesaler supplying into a rural area rather than a big city operator, you may order products in smaller quantities, and some suppliers would say, "We are only going to have a minimum order of x", which would not be appropriate for somebody who needed a smaller volume. That then led to shortages on shelves.

As Ian said, over the first few weeks we saw a lot of panic-buying, for want of a better phrase, which has actually died down now, and we have reached a normal level, or a sustained level of what was happening over the eight-week period. We have seen a massive increase in sales, and keeping pace with those sales has been quite a challenge for the suppliers.

Q111 **Chair:** Nick, is there an angle for you there or not?

Nick Allen: I think it has all been said, Chair. I do not think it was a question of abuse; it was a question of a lack of understanding. Clearly,



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once the algorithms were turned off and people started applying common sense to it, it settled down.

Q112 **Chair:** Can I just add to what Derek was saying? We are always inclined to think that the big retailers will use their muscle to get supplies and the smaller ones will be pushed out. Is that true or not in this case?

James Bielby: The Groceries Code Adjudicator would prohibit them from doing that, quite rightly. They have also seen shortages in some categories, such as pasta, rice, dried goods, household and health and beauty. There has been a shortage of some products, so they have seen the same problems that the convenience sector has had. It is not a question of them using buyer power to get preferable treatment from the manufacturers. That has not happened, because that has not been possible.

Q113 **Chair:** There has been some waiving of the rules of trade from the Groceries Code Adjudicator in order to allow processors and retailers to work out, on the milk side, how much milk is out there. Is there a danger that we will carry on too long? At some stage, we need to get back to a situation where retailers behave properly and where they do not collude. I know I am a bit obsessed by this, but where are we on this one?

James Bielby: The competition law waivers were to allow supply to meet vulnerable people—the shielding community—to ensure that they had access to product, and to allow them to talk to Government and share information about people in order to prioritise certain delivery slots for people at home shielding. I do not think we have gone back to the old days of market power abuse by the supermarkets as a result of these competition law waivers. It is much more around them collectively talking to each other to ensure the people who need food have access to food. We have been part of that process as well with Defra, representing the smaller stores. Actually, two of our members, Bidfood and Brakes, have been delivering the shield packs on behalf of the Government to those people who cannot get access to food, which has been a great initiative and has been really successful.

I very much share your concerns and fears that this may be a precursor to some inappropriate behaviour. However, I do not think that is a risk in this current situation.

Chair: Thank you, James. I shall be able to sleep easier tonight for that evidence today.

Q114 **Rosie Duffield:** To what extent has the UK food supply been affected by the slower movement of goods across borders?

Ian Wright: There are two facts that have astonished us through this. One has been, as I said earlier, the courage of the 500,000 workers in our factories who have gone to work day in, day out, for eight weeks. We have talked about that already.

The other is the resilience of the supply chain from out of the UK. At a time when Spain, Italy and France, in particular, were massively locked



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down and where we saw the pictures of Italian hospitals that provoked the immediate reaction of the Government here, yes, there have been shortages of pasta, but their factories were producing and the product has continued to go through borders. Again, one should pay tribute to the drivers and the factory workers who have produced that. We have seen very low levels of disruption to supply chains from Europe.

There have been some changes to the rules and some waiving of documentation at ports in order to get stuff through. It has worked very well so far. There have been some shortages but that has been pretty good. Even from further afield, such as from Asia, there have been some problems with rice and spices as a consequence of the Indian lockdown, but manufacturers have found other sources of those goods. Despite the disruption, the supply chains have performed surprisingly well.

Nick Allen: I endorse what Ian has been saying. It is remarkable what a good job our hauliers have done. The British hauliers have done a lot better and have really been the heroes in this compared to some of their colleagues in Europe, to the point where companies have been sending our transport to pick things up rather than relying on it being delivered. Our haulage system in this country has done extremely well.

All we have seen is a little slowing down of movements in both directions, because my members import as well as export. It has been a bit slower, but nothing has really been disruptive.

Q115 **Rosie Duffield:** I have one more supplementary that goes with that, which is particularly for Ian. How will the processors and manufacturers respond if labour shortages cause difficulty in harvesting fruit and vegetables in the UK and in countries we import from? That is a particular issue in my part of Kent, obviously, where we have farmers talking about apples rotting on the trees. I would really like to hear what you think about that.

Ian Wright: The issue about harvesting and picking fruit, and harvesting crops generally, is more for the farming community, but we are clearly recipients of those, not as retailers but as ingredients for our products. We are very keen that that should be well served, and there is a big concern about access to labour in the UK for what are often called seasonal workers. The quarantine regulations that are being talked about at the moment are a big concern as well there. It is difficult to see how you are going to get around that for those who are coming in. Normally about 60,000 workers come in for the harvest, and it will be difficult to see how they are going to arrive if they are due to arrive during the quarantine period.

You are right that it is a big problem outside this country. It looks as though that issue is not a major one in Europe at the moment. So far, we have seen that Spain and the north African bit of Spain, where there are these big market gardens, are performing quite well in terms of picking. I am not quite so sure how that will work further afield in India if it continues to be locked down, and that must be a concern.



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Yes, it is a very reasonable and sensible concern and it is something that we will have to watch in the next stage of this. I hope we have not sounded as though we are in any way complacent about this, because this is not even halftime yet. We are in the early stages of this. We have managed to get through the first stage and the battering of the first stage, but we have a lot of other challenges to face, and access to labour, both in this country for picking and harvesting and in other countries, is going to be a big issue.

Q116 Dave Doogan: Sticking with the harvesting of soft fruit, I accept Ian's point that the availability or otherwise of labour is essentially a concern for producers and farmers, but, given that the fruit that is produced here in Angus and in Kent is some of the very best available, are we concerned from a branding point of view and from a market share and market reputation point of view that, if we do suffer interruption to that harvest and the supply chain consequences that will flow from that, there may be ongoing difficulties that we may face for years to come?

Ian Wright: Continuity of supply is critical to provenance and reputation, which is a pompous way of saying yes.

Chair: As a Committee, we will be looking at this to make sure that there is enough labour available. Hopefully, we can get more homegrown labour but, if we cannot, like you say, this quarantine of 14 days could be very difficult for getting workers in. We need to go into this with our eyes open. I echo what you said, Ian: the flow of trade has been remarkably successful up until now but we cannot afford to be complacent going forward.

Q117 Dave Doogan: In terms of the impact of this crisis, how much supply intended for food service was successfully redirected to retail, and how have businesses coped with this challenge? We have already talked about food service and hospitality so there is no need to go over the same ground again, but how have we faced up to that challenge? Could we pay particular attention to the challenges that the supply chain has faced in terms of warehousing?

Nick Allen: In terms of warehousing, there was a point during this crisis where the cold storage was filling up rapidly and we were getting very concerned about it. I can only speak for the meat sector, which is my speciality, but it is not easy to take things that have been produced specifically for the food service sector and transfer them into retail. It is a different cut altogether. It is presented in a different way. Some of the plants that were committed to supplying the food service sector just did not have the packing facilities or anything like that to put it into retail.

A lot of it was not easy, and they probably have had to consign that product to be frozen at huge devaluation to the product, certainly in some meat cuts. Certainly, there was a concern at one stage, as I say, that the cold stores were filling up. We seem to be getting over those carcass balance issues now and it is being redirected, but it is not an easy challenge and I do not think people outside the industry really understand how different it all is.



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We have seen the same thing in the milk sector where what is supplied into the catering and food service sector is in a totally different format and cannot be suddenly bottled up and sold to the retailers. It has been immensely challenging.

I do not think we have had too much waste on the meat side, but we have probably seen a lot of money lost in terms of stuff being frozen instead of actually going through fresh and being sold at a higher value.

Q118 Chair: Nick, there seems to be more balancing of the milk market now, so they must be removing the milk from what was going to Starbucks and the like and into the retail sector. What is the situation there at the moment?

Nick Allen: I am afraid I am not close to the milk sector. Our influence is in the cull-cow side, and those prices seem to be holding up. There does not seem to have been a flood of them on to the market, which tells me that it is settling down and they are finding ways through it. I apologise; I am not that close to what is happening on the ground with the milk, but I am assuming that they are finding ways of redirecting it, to everyone's credit.

Q119 Dave Doogan: Is it possible for witnesses to address some of the challenges the sector will face from our close neighbours who are in exactly the same position with their producers? When this begins to unwind, what are the risks that we face with our producers?

Ian Wright: I think James can speak to the warehousing and distribution point and then I can come in on one of the points that Dave has just made.

James Bielby: This has been possibly the number 1 issue for the sector in terms of the amount of stock that has been tied up with no ability to sell, specifically around fresh, chilled and frozen, so meat, dairy and those types of categories. At the start of the 12 weeks, we estimated that within the 12-week period from week 1 of the lockdown there would be £20 million of fresh, chilled and frozen stock tied up in food distribution warehouses that was destined for and aimed at the food service market.

The ability to sell that into other channels and look at different ways of moving that was explored extensively. We actually led a group, under the Food and Drink Industry Round Table, which is around 60 different food and drink trade associations that come together under the expert aegis of Ian Wright, to look at the ways that the industry could actually repurpose some of this product. It is really difficult to do so. It is very easy for people to say, "Just give it to charity". If you have £20 million of stock, you can give some of that away but some of it is not fit for repurposing in that direction because it is not in the right format and it is not a retail pack that people can donate via a food bank. That was done to the extent that it could be done, but there were also a number of different things that were investigated as a result.



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One of the things that we set up specifically as FWD was a portal called food2care.co.uk, which was in response to supply issues that care homes were having with supermarkets. There was a lot of excess stock in the marketplace that was destined for the food service and hospitality market and, working with the Department of Health, Defra and the Cabinet Office, we were able to direct those care homes to that site in order to get some of the excess supply.

I just want to make one other point on the stock. The issue was originally around fresh and chilled. It has now moved to ambient product, so a product with a best-before-end date. Those products are now going out of date as well, and we have worked closely with WRAP to distribute some of those into the food banks and charities. That is now a new problem as we have moved on. It is not just the meat and the dairy; it is now crisps, soft drinks and those types of products as well.

Ian Wright: There is a big concern about dumping, because there are other countries—I would not dream of mentioning two of the three Benelux countries by name, which are good friends of the food industry in the UK—where the Governments are incredibly supportive of industries such as potato-growing, where we already have a glut of very fine potatoes because food to go and places like McDonald’s have been closed. The growers of those potatoes are at some risk. So far, there have been very good relationships between the suppliers and the manufacturers of those products, and the retailers like McDonald’s have kept the growers in good shape, or reasonably good shape given the very big challenges, but that is a big problem. The UK Government need to watch that very carefully, particularly as this season goes on. I know it is not soft fruit but the same issues arise across all sorts of products.

Q120 **Dr Hudson:** We took evidence a couple of weeks ago from the rearers and the growers in terms of the impact of this crisis on them. We have touched on it today in terms of the impact on the meat sector and the carcass issues, and we have heard about the high-profile issues in the dairy industry. While we have you here today, Nick, I wanted to ask your current view on the state of play for the meat sector and the health status of the meat sector through this. You have said that people are buying more steak but, generally, how has the meat sector been hit? Is it in good shape now or is it struggling?

Nick Allen: Let us talk about the beef sector primarily. If you are a beef farmer, you would be saying that the prices were low enough anyway and all the figures would suggest that they were struggling to make money. There has been a relatively small drop, given the crisis, in the farmgate prices, and they are now picking up. With any luck, it will continue to go in that direction. It hit the beef sector at a time when it was not in great shape anyway.

Out of all crises, some sort of good can come. The whole industry has rallied around and promoted meat and beef, in particular, and the beef steaks and these other cuts and shifted them. There is no doubt that they are shifting and we have addressed the carcass balance issue, which has



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been continuous in the beef industry for some time. The last time I was in front of this Committee, the conversation was about the beef prices and the impact of beef mince on the market so we are back there again. Out of the crisis, there could come a better understanding of the market up and down the supply chain, whether it be at the retailer end in terms of the carcass balance issues or right the way through. There has almost been a bit of a rejuvenation of stock sales at the retail level, and they are going quite well.

I would like to think some good comes out of this crisis, but it needs to because the sector was not in great shape. If it is going to go forward, we need to get some more value into the whole supply chain from the retail end right the way through to the farmgate end, otherwise it will be in trouble, particularly the beef sector.

Dr Hudson: That really stresses the importance. People are now realising the importance of food and where it is coming from; we need to support good locally produced food. Thank you. That is very helpful.

Chair: Yes, I echo that, Neil. It would be really good if those that can afford it buy steak and some better joints in order to keep the beef carcass balance. Buying locally and buying British is also very essential, and it is good that people are realising the need for home production.

Q121 **Julian Sturdy:** I just want to follow up on something Ian talked about when he was talking about some of the Benelux countries and potato production over there and the fact they had been supported. Problems seem to be potentially brewing in some of the other sectors such as the cereal sector and some of the vegetable sectors, such as potatoes. I tend to get the impression that this actually will not hit until maybe the end of the year or post this harvest year. Is there anything Government can really do to try to protect against that? There have been some quite clear indications that there are a lot of frozen potato products on the continent potentially looking for a home and that they could actually flood the UK market at the end of this year.

Obviously, we are starting to see impacts on the malt and barley market, with the fact that it looks like we are going to have a long closure of pubs and restaurants, which is impacting the home market. What thoughts do the panel, and Ian especially, have about whether there is anything Government could do directly to help?

Chair: This support that some of the Benelux countries are giving potatoes surely is state aid, if you really want to be blunt about it.

Ian Wright: That is way above my paygrade. I would never be invited back to the Netherlands. Mind you, I might not be able to go for some time, bar an air bridge. We should not imply that this is bad behaviour, at least at this level, by those countries. It requires the UK Government to have equivalent levels of commitment to our industry, and I know the Defra Secretary of State definitely does.



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To Julian's point, it is really a question of vigilance and it is a question of using the powers that are available to the Government and not being too laissez-faire about it. I very much doubt it would be in any way a breach of state aid rules, but there are powers that the Government have under their disposal so long as we are still in the transition period, for example, to manage this. Once we are out of the transition period, the Government will have whatever powers they decide to have. There is no reason why they should not be able to deal with this. We have to alert the Government, potato growers, other vegetable growers and, as you said, malt and barley growers, and we have to be ready to come up with solutions to that.

On the malt and barley thing, clearly one of the quickest and most effective mechanisms for this is to get the hospitality trade back into some form of activity as quickly as possible, commensurate with safety for both its staff and those who are going to use it. The need to get the hospitality trade properly relaunched is one that I know a lot of people are paying a lot of attention to.

I do not think that entirely answers your question, but that is the best answer I can offer. It is about the Government being vigilant and being willing to act quite quickly to stop those sorts of activities happening when they see them.

Nick Allen: I am a farmer as well, so I would agree with that. I liken this to treating the food supply chain like a recovering patient, rather than just walking away from it the minute it walks out of the hospital, and I think every Government across Europe is doing to be doing this. The agricultural sector was not in great shape this autumn anyway. We had an appallingly wet autumn. A lot of the crops had been *inaudible* [15:44:20] in the spring. There were a lot of problems building up, even before we had coronavirus.

As Ian said, it is about the Government keeping an eye on things and actually being a bit empathetic towards it, rather than just saying, "Right, that is it. That crisis is over. Let us walk away from it", and everything goes back to normal.

Chair: Thank you. Julian, we will also need to keep an eye on it as a Committee, to make sure that we talk to the Secretary of State about this as well.

Julian Sturdy: The point about a recovering patient is a very good one to bear in mind as we go forward with this. That is a good analogy. Thank you.

Chair: Yes, we do not want to kill off the patient, do we?

Q122 **Robbie Moore:** Thank you to all the witnesses for your contributions so far. My questions follow on from the points that were made earlier on to do with food waste. How much food do you think has been wasted through the food supply chain distribution? Following on from that, from a lessons learned perspective, how do you think that that could have been



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avoided?

Ian Wright: That is a really important question and one to which I can only give half an answer. We do not know yet, partly because, as I said, we are not even at half-time. We need to add this up at the end of this. The point that James made earlier about the food that was originally purposed for food service and for hospitality was that it is very difficult to switch its use into retail and make it useful in that kind of setting, so some of that will have been wasted. Some of it, however, will have been donated and will have gone not just to care homes but into FareShare and other food distribution networks.

It is regrettable that the Treasury has declined a suggestion from the industry and the FDF to allow VAT to be waived on those donations. That is an unfortunate thing to do because it would have helped those manufacturers who had otherwise lost the food anyway to have recovered some of their costs, and it is certainly what has been done in the past in other circumstances.

The point I made to the International Trade Committee, as the Chair knows, is that this crisis has thrown up an absence of responsibility in Government for hunger and for the 2.5 million people for whom their main meal of the day comes through donated food, whether it be FareShare, food banks or whatever mechanism. Those mechanisms have all been put at risk by this crisis because, clearly, retailers and distribution centres that usually are the biggest source of donations for FareShare and others and would have normally have given food away have been holding on to it because they were afraid at the start of the crisis about their supply.

No single Ministry or Department has responsibility for that co-ordination—not the Ministry of Housing, Communities and Local Government, not the Department for Work and Pensions, not the Department of Health and Social Care and not Defra. Someone has to take responsibility for those 2.5 million people and have a co-ordination role. We have Ministers for women, minorities, veterans and the disabled, and we should have a Minister for the hungry.

Chair: That is a powerful point.

James Bielby: The question is a really good one and, as Ian says, it is difficult to quantify. We know that, at a start of this process, there was £20 million worth of stock in fresh storage ready for food service. Some of that has been frozen down and that will be coming out of freezers as we start to unwind and the hospitality sector begins to restart. There is no question that some of that product will have been thrown away, because, with the 95% decline, in some cases, of volume overnight, businesses will have held on to that stock looking to sell it, looking to move it into retail and looking to repackage it or use it in other areas. At the point at which that was too late to do, it was very difficult to donate. As Ian says, if there was some form of tax relief or support from the



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Treasury for those donations, it would enable businesses to make that decision earlier in the process.

The other thing to remember is that some of the products that were produced were specific for some public-sector environments. For example, school-ready products are very difficult to sell to consumers or to donate to charities, so there would be wastage of products that, just by dint of the type of product they were, were unable to be donated, sold, repackaged or repurposed in some way. If there was support via the tax system, it would allow for the provision of food to those charities and make it much easier.

With regards to your second point about what we have learned from this and what we will do differently as a result, hindsight is a wonderful thing. That is a cliché but it is actually true in this case. Businesses were buying product in February, expecting that we would go into Easter and the summer—the peak selling period for food service and hospitality—but then those businesses were closed overnight and left with stock on hand that they had no way of getting rid of. Suppliers still wanted paying so, quite rightly, they wanted to try to get some return for their investment in the first place. They were getting no money back from their customers, so they were very much squeezed. You have to have some sympathy for businesses that were trying to sell those as opposed to immediately donating them without any form of tax relief.

Nick Allen: We have covered the potentials of waste and things like that. I just want to address the lessons learned. Everyone has certainly learned a lot more about the just-in-time supply chain, how complex it is and that it is literally that—it is very efficient but it is a just-in-time supply chain. We need to make sure, for future preparedness for anything like this again, that we have a better understanding of it. We need more data and more information about the supply chain. All the players in the supply chain need more information about what is happening upstream and downstream.

If anything good is going to come out of this, it is actually that, first, people now understand the supply chain a lot more and, secondly, we know where the gaps are that we need to address going forward. That is actually about using big data and finding the information so that more players in the supply chain know and understand what is happening and can react more quickly.

Robbie Moore: Thank you. I like Ian's point.

Chair: I want to follow up on Ian's point because it is a very well-made one. We are moving into a totally new agricultural policy. We are moving out of the common agricultural policy, so we can not only talk about hunger but we can link food and food production to agriculture and affordable food. All of these things are connected and we have not connected them enough, and the Agriculture Bill does not connect enough directly into food production and how we get that affordable food out there. I very much take your point.



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We had an evidence session last week where we talked about the money that Defra has put in to buying food directly from farms to help with some of the charities delivering, and so that can be done as well. We need to do better on this and your points, Ian, James and Nick, were well made there.

Q123 Geraint Davies: I just want to follow up on Ian's point about the ministry for hunger. It strikes me, as we move through this pandemic and beyond, that we have millions of people on universal credit, the economy will probably recover slower than we would all wish, and there will continue to be a large number of people in need of food support. I appreciate the point about the ministry for hunger, but do Ian or the others have any suggestions for structural changes, in the foreseeable future, over the next year and beyond, to supply our homegrown food at an affordable or zero cost to those in greatest need?

The Chair has just mentioned the trial intervention of Defra at the farm gate to get some of this food, some of which may have gone to waste, to those in greatest need. I was wondering if you had any suggestions for the Committee that we could put forward to Government to move forward.

Ian Wright: That is a really good question. Having got all emotional, I should have an answer to that, should I not? One of the things I worry about is kids who rely on their free school meals as their main meal of the day. We have more information now, as a consequence of both the Food Resilience Industry Forum and its work, which is collecting an enormous amount of data, and the access to data that we have during this crisis because it has been shared by the manufacturers and the retailers. With that information, it ought to be possible to do an assessment of what we have against what we need to allocate to those most in need, as you put it, Geraint. It ought to be possible to work out what the size of the problem is, at the very least.

I quoted 2 million who rely on donated food for their main meal of the day. I think that is from Lindsay Boswell at FareShare. If it is not, I apologise to him; it might be one of the other players in that field. Getting an absolutely accurate assessment of what is needed and what the gap is around affordable food, to the Chair's point, and doing an audit of this very quickly, with all the information available, and then working out how you could bifurcate one to the other or allocate one to the other would seem to be something that could be relatively straightforwardly done.

Over the last eight or nine weeks, we have spent an enormous amount of money—and I do not deprecate this—on consultants such as McKinsey, Bain and others. They are very impressive and effective consultancies, no doubt offering excellent advice, but I am sure that one or two of them might be prepared to offer their services pro bono to work out what the scale of the problems are and what the level of supply could be because that would seem to be a peace dividend from this.

Geraint Davies: We are approaching the school summer holidays and



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there is a big concern that hundreds of thousands, if not millions, of children will go without enough food during that time. We need to sustain that and have structures in place to do that. I appreciate the point about evaluating the problem but we also need to, at the same time, put in place strategies on the basis of the back-of-the-envelope data we have.

Chair: The answer that Ian gave is a good one. We have to make sure that these figures are also published and available. You are right, Ian, that a lot of this has been done but we do not really know much about it publicly. The idea of some of these consultants that are being paid an awful lot of money doing a little free work is a really novel idea and one that we and the Government ought to pursue. Perhaps we can talk about that when we come back in the next session next week in terms of whether we can put something through to the Government on those ideas.

Ian Wright: As you will have noticed, Chair, I have just screwed my retirement job.

Chair: You are not retired yet, are you? You are not allowed. You are not 100 yet so you cannot retire. That is not Government policy, sorry. Is there anything else, Geraint?

Geraint Davies: No, unless any of the other speakers have any spontaneous suggestions of how we can do things more effectively.

James Bielby: The point that you make around holiday provision is a hugely important one. One of the challenges that we have seen during the crisis is that the universal infant free school meal provision is often the only nutritious meal that children get in the course of a day. It is supplied by our members and more children have had nutritious meals as a result of the policy. It is a really strong and important policy but there is a danger that children have been left behind during the period in which they are not at school.

As we are talking about children in reception and year 1 going back to school on 1 June, clearly there will be a universal infant free school meal entitlement available for that. There is a fear amongst our members that that will not be suitably funded. We have seen that a lot of multi-academy trusts, local authorities or independent schools—as in schools operating as standalone, outside local authorities, rather than not state schools—have not paid their wholesaler for food that was provided to them in February because they are parent-led secondary schools and they have said, “We cannot pay you because we do not have the money”. That makes it very difficult to start the school supply of food when schools reopen in September.

The point you make is absolutely critical: that the holiday provision and universal infant free school meal provision is appropriately funded and supported and allowed to be provided in meal form as opposed to a grab-and-go solution, which is the suggestion that some people have made but which would not be appropriate for the types of children that it helps the most.



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Chair: We are the Environment, Food and Rural Affairs Select Committee, so on the food side of it we can go back to the Government and go back to the Department for Education and others on some ideas that we might have on how we get food to those poorest children who are not getting food at the moment. We will come back on that.

Geraint Davies: It is also the ones not going back to school. If some go back, others will not go back and they all need food. We need to think of that as well, Chair.

Q124 **Dr Hudson:** We have talked about what has happened and the shock to the system with people changing their buying behaviour, businesses closing and the hospitality side. Now I want to look forward as the sector advances through this time period where we are starting to see lockdown measures lifted and we are going into the transition phase and, ultimately, the hospitality sector will start to open up again in a phased way. What support do you think the food sector needs in order to be ready to supply businesses and consumers as we now move into this next phase?

James Bielby: It is a very important question. I mentioned at the outset some research that we did via Defra on some of the effects of the lockdown on our members. We do not need to rehearse those now. We know that businesses are at risk. We know that the food service shutdown measures have had a detrimental effect on turnover, which means that they are running at a loss to supply the public sector. That means that they are having to use reserves and having to use the Government support that has been available on general terms, but they have not had access to any sector-specific support.

I will give you one example. Hospitality, retail and leisure businesses have had their rates waived and they have also had a grant from their local authority of up to £25,000, but the businesses supplying into those outlets have had precisely nothing. They can potentially access some discretionary funding from their local authority but the ability to do that is opaque and the requirements for that are, again, not entirely clear. From our perspective, some form of support to allow those businesses to support and restock and give credit to customers who are reopening is hugely important.

Without that sector-specific support, which we have seen for the dairy industry, fisheries, retail, hospitality and leisure, those businesses will not be able to reopen. Food supply into the hospitality sector will be extremely challenging because of the cashflow difficulties that they have faced as a result of the emergency measures. The local authority grants could be a good solution but we would rather have sector-specific support as has been given to people in dairy and fisheries as well as hospitality, retail and leisure.

Ian Wright: Clearly, the move on credit insurance is helpful because, if you cannot guarantee that your customer will pay you, you will not sell to your customer. Therefore, being able to insure those transactions will be



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helpful. We hope that the detail on the credit insurance move the Treasury announced last week will come through pretty quickly.

The furloughing scheme has ended up being the main way of funding businesses. We need the furloughing scheme to be flexible and to go on through to the end of this crisis for hospitality and, crucially from my end, businesses that supply hospitality. If you are a business that is supplying pubs, clubs and bars, you may not see your customers emerge into doing business until September, October or November in certain cases. I suspect that it will be a long time before clubs and bars—particularly high-volume bars—come back, and those places will need a lot of care and the people supplying them will need a lot of care.

The big scare here is the two-peak crisis, because you could imagine that we get back to reasonable levels of trade—and even the most optimistic view is that food to go, as in sandwich shops, takeaway and that kind of thing, will be at 70%, catering might be 60% or 70%, particularly workplace catering, but hospitality might be significantly below that—and then, just as businesses are beginning to get back on their feet and recover, there is a second spike and, either nationally or regionally, whole chunks of the population are locked down again. A second shock like that, without very sensible Government support, will see many of those businesses taken out forever.

You only have to listen to the anecdotal contributions of pub, club and restaurant owners about how desperate it is for them at the moment to know that they may be able to get through to the first point where they can do business but, if it happens to them again, they have no available resources.

As James said, there needs to be that kind of targeted support. I am not sure it is even sectoral, although I would defer to James' better knowledge of this; he is much more skilled in this area than I am. It may be specific to region and sector going forward, and the Government really need to think about that now, because if you knew that provision might be available, you would be a lot more confident about investing in building back up now, if you knew that help would come if something else happened subsequently. Sorry; that is not a terribly specific answer.

Chair: I understand where you are coming from. Many of us represent areas where there is a lot of tourism, with lots of businesses in hospitality and tourism, and they will be hugely affected. It will be difficult to know when they are going to come out of lockdown, and that goes to your point, Ian.

Nick Allen: Ian's point about furloughing and more flexibility around furloughing is really important in helping businesses come out of this. He is absolutely right. These businesses cannot take two hits. We have been campaigning for a long time now for part-time furloughing to be built into the scheme. We think it would have helped at the moment and it will certainly help us come out of the recovery.



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We cannot really predict what will happen with a second spike or whether one will happen or not. That should not stop the Government signalling their intentions well in advance. Speaking for a part of the sector that supplies the products further on down the supply chain, you need advanced warning. We had enough shocks coming into this. To get it right coming out of it requires a clear plan, not suddenly being told on a Sunday night that tomorrow this has changed. We need a clear plan from Government about how we come out of this.

If we get a second spike because of it, you have to adapt. Laying out that clear plan will help the supply chain plan for it and helps in supporting those businesses as they try to get going again.

James Bielby: There is no one-size-fits-all solution there, as Nick and Ian have rightly pointed out. Some businesses will be ready to go within a week; others, for example supplying into schools, will need a lot more lead time. Any guidance in terms of the roadmap, with staging posts to say which types of the market will be reopening first and in what way, would help the supply chain to be ready.

It is not just a case of saying, “In four weeks, we are going to go live”, and, in fact, that would be the worst possible outcome because businesses need time to plan and prepare. Going all at once at the same time would mean that nobody would get a sufficient supply of food. It is really important to have some staging posts, allowing businesses to get liquidity but also to take out some of the Government loans in lieu of any sector-specific support as well as providing credit via some of the measures that are potentially available on the underwriting of credit insurance. Those businesses have no record of trading for several months. It is a leap in the dark in many cases, so having it underwritten by Government is hugely important.

Chair: Those are very good points.

Dr Hudson: Those are very helpful and insightful answers. I would reiterate your comments, Chair. Many of us represent constituencies that have big involvement with food production as well as the tourism and hospitality sectors. I would give the panel reassurance that we Members across the House have been calling for more flexibility in these Government support schemes—specifically the furlough scheme and the grants—and the Government have been responding along those lines. It is important that we keep calling for that.

I take on board what you say: that you need to be aware from the Government where we are at with the roadmap and that side of things. Ian mentioned that there will be different parts of the country with different protocols as we move in and out of different restrictions and you want more guidance from the Government, but what do you think the food sector can do to be agile and ready to respond to the changes in the restrictions, whether there is some easing of lockdown or greater lockdown? There has to be some flexibility. How do you think the sector can be ready for that?



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Ian Wright: In fairness, Neil—and I know you were not saying this—we have been pretty agile so far. One of the things that strikes me, which I had not thought of until James just said it, is that, for many suppliers, these will in effect be new businesses. They will be new customers, because their trading record will be so ancient, particularly, I fear, for those in tourist locations where they do not get the 2020 season. If they somehow manage to sit out the 2020 season but are not allowed to open until October for whatever reason, that will be incredibly hard. When they do come back, either later this year or next year, they will effectively be a business without a trading history, because the circumstances in which they have traded will be so different that they will not be relevant, except for their level of access to capital.

You are right that we will need to be incredibly flexible. It may mean that suppliers—not just the businesses themselves and direct suppliers—are given some level of support. Most businesses will not want to take on loans. They will already be worried about debt. I am much more attracted to the idea of reliefs such as tax concessions, rates concessions or those sorts of things, or even, to some degree, the Government taking, by some means, a stake in the business in return for money, so equity rather than loans. That makes it easier to manage.

Some of the bigger private-equity-owned businesses, which are really at the top end and possibly not entirely what we were talking about, might not be averse to the notion of having other shareholders on the register who are sharing the risk and Government being one of them. That is what happened in America after the 2008 crash with quite a lot of medium-sized businesses and it is not a bad example. I do not know how it would work but it is worth thinking about.

Chair: That is an interesting point.

James Bielby: In Scotland you have seen the Pivotal Enterprise Resilience Fund, which is aimed at the types of businesses we are talking about that play a critical role in the economy. That makes hundreds of thousands of pounds available for each business. Nothing equivalent applies in England other than loans but, if you have a business with a net profit of 2% and you have no idea what the future will look like, you would be very wary about the ability to take on that loan. Ian is absolutely right that reliefs and grants or some form of equity are much more appropriate responses to the critical sector of food and drink as we restart.

Chair: Yes, the point is well made that it will not help for these businesses, which are probably already greatly in debt, to take on extra loans. We will take that onboard.

Nick Allen: I would just make the same point. You cannot underestimate what Ian has just said. These will be new businesses. The supply chain has already proved itself to be pretty adaptable but the thought of actually taking a risk of supplying someone that has not been trading for



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six months will be a real barrier. I am not sure what the mechanism is that you come up with, but there will need to be one.

Q125 **Ian Byrne:** Thank you, panel. This has been extremely informative, I am really enjoying it and the answers have been fantastic. I would also like to pay tribute to the sector for keeping the country's morale up in these worrying times, so well done all.

It is a pretty broad question to begin with, and then I have a couple of supplementary questions. What has this crisis demonstrated about the UK's food security?

Nick Allen: I do not know about demonstrated but I hope it has taught everyone that food security should be taken really seriously and is important. I hope it has put food back at the top of the agenda. I hope that will be borne in mind going forward with the—dare I mention the dreaded word—Brexit negotiations. I hope a lesson will be learned that it is really important.

It has told us that we actually have a pretty robust food industry here at the moment, which has responded very quickly and done a really good job, but let us not underestimate the fact that we have kept the nation supplied and fed because we import a lot of food and those borders have not closed. They have stayed open and we have managed to keep that flowing. We are still very dependent on a lot of imported food, and we should not forget that in the various negotiations that are going forward. That could prove quite challenging and might put us more at risk than this current crisis.

Yes, the existing supply chain has been pretty resilient when you think about it.

Ian Wright: I have said for a long time—I keep repeating it and many will have heard it before and be bored with it—that food is a matter of national security. If you cannot feed a country, you do not have a country. That has been borne out by this crisis in massive order. It is great that the country has recognised that we are part of the critical national infrastructure. It was slightly concerning at the very start that we had to debate that issue. It did not take very long to convince people and we said earlier that Defra has been very effective in making that case.

Our most senior leaders often do not necessarily realise this. Quite often food as a manufacturing industry, farming as a crucial national industry and the sophistication of the distribution get forgotten, because they are taken for granted. I hope that this has proved that we are not to be taken for granted and I hope it has proved, to your question, that we are, as Nick just said, up to the challenge. It is important that we build on that now because we cannot take for granted that the next crisis, which might not be a big pandemic but something else, would necessarily allow us to show all of these aspects to the advantage that we have had so far. A really solid review of what we have achieved and what we have not



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achieved is required. This Committee is starting that work and it is really important.

James Bielby: The points have been well made by Ian and Nick. One of the things that has happened as a result of this is that the critical role of food and drink supply in the nation's infrastructure has been recognised. As you said at the outset, the appointment of Chris Tyas within Defra to lead daily calls of the Food Resilience Industry Forum has been really helpful to understand the challenges associated with continuing and maintaining the food and drink supply chain. My members have been trading at a loss to continue to supply into the public sector, supporting the NHS and care homes with food because of the critical role they play, without any specific sector support.

The role of the food and drink industry and the supply chain has been elevated, which is great and really important, but we need to keep that going and, as Ian said, make sure that it is seen as a critical part of the nation's infrastructure.

Q126 **Ian Byrne:** The Provision Trade Federation outlined what you have just spoken about, saying, "It should not have taken a crisis such as COVID-19 to demonstrate how vital the food industry is", and that, "Lessons will need to be learned from that in terms of future employment and immigration policies". First, do you think the planned changes to immigration rules currently passing through Parliament will impact your sectors' ability to recover from the COVID crisis? Secondly—I was delighted Ian touched on this regarding a ministry of hunger—poverty pay is a huge driver in food poverty. Do you feel that the sector does enough to ensure employees do not fall into the traps that we have spoken about today?

Ian Wright: On the second question, I do not think employees are the most at risk, but it is critical that we maintain well-paid and well-resourced employees—not just in terms of pay but the benefits packages and the level of care that employers take of their employees. That needs to remain high, and that has absolutely been the case, as I think you know, Ian, throughout this crisis.

There have been very few great things about this crisis but one of the good things has been the way in which members of my organisation and the four key trade unions have come together. We have more respect for each other than we ever had before. We have worked quite effectively, certainly at plant level, to make the conditions for employees work much better, and that must continue. To your point, that is a really good basis on which to build.

The food poverty issue is one that James, Nick and I have spoken about earlier and we probably do not need to rehearse that.

On the question of immigration, we have been very clear that we do not think that the current Immigration Act addresses the sort of country that we want to be having left the EU. It is surprising, given the lessons we



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have learned over the last eight or nine weeks, that the Immigration Bill is back in Parliament unchanged, given what we have learned about the people working in food and drink, food and drink manufacturing, factories, distribution centres, farms and the care sector. I just think it is surprising.

I know the Home Secretary because she used to work for me and I know she is someone who understands problems and analyses them and is willing to look at them again, and I hope she will do that over the next few days and weeks because it would be a shame if the legacy of this crisis was an immigration system that did not work for the country.

James Bielby: Ian makes a very good point very articulately. I do not think there are any challenges there with regards to the support for colleagues in the sector in terms of pay and conditions. Coming together with the unions has been really helpful and has almost lanced that boil of the unions being the bogeymen in the food and drink industry. We have worked together collaboratively, as should happen, so that has been a positive. A constructive working relationship is hopefully something that we can take forward.

With regard to the immigration policy, there are real risks associated with the Bill going through Parliament, as Ian says, not just in terms of people working in the food and drink sector but also those businesses that we supply and specifically around care homes. At a time when we have been applauding people on the doorstep every Thursday night, we are then essentially shutting the door to thousands of them. It seems rather odd, and hopefully this will mean that the policy will be rethought to allow people to work in care homes and work in hospitality businesses as we restart, but also across the food and drink supply chain more generally.

Nick Allen: Talking about my sector specifically, 65% to 70% of our labour in the plants is non-UK labour. We were extremely concerned about the policies before coronavirus. I appreciate that the economy will possibly look a lot different after this. There may, dare I say it, be a lot more unemployment so maybe there will be more British workers available and more British workers prepared to pick up these sorts of jobs, but they have to be in the right place. As we have seen with the challenges the NFU and the farming side have had with Pick for Britain, it is not just a question of the willingness of people but it is about having them in the right place and about them having the right set of skills.

We have huge concerns about what is going forward. I echo what Ian and James have said. I would like to think that the policy will be considered and looked at, with possibly a little more flexibility brought into it.

Chair: Yes, flexibility is the key to this. Can I thank the witnesses very much? On food security, the crisis has proved the resilience of our food importing, our processing and our home supplies. As we go forward, we can look not only at making sure the importing is there but also at where we can grow more food ourselves, where we can actually process it ourselves. There are opportunities there as well. This whole crisis has



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many clouds but there are one or two silver linings that we can look at.

Can I thank all three of you for today? It has been a very thoughtful session. It has followed on very well from our session last week where we were looking at getting food to the poorest in society, not only looking at the processing sector and others but also how we get that out to everybody in society. It has been a really good session and I appreciate it. We are getting used to doing it by Zoom. It is probably not quite as good as being in the Wilson Room, but I am here with the Clerk in splendid isolation, and some very able technicians have managed to turn me and you on and off at the right moments. It has been very successful. Thank you for your time.

I would like to thank all the members for very good questions. We have kept to time this afternoon. Have a short recess and a good one. Keep well.

Ian, Nick and James, I am sure we will be back to hear more from you another day. We appreciate the evidence you have given us this afternoon.