



House of Commons
Environment, Food and Rural
Affairs Committee

COVID-19 and food supply: Government Response to the Committee's First Report

Sixth Special Report of Session
2019–21

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The Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and associated public bodies.

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Sixth Special Report

The Environment, Food and Rural Affairs Committee published its First Report of Session 2019–21, [COVID-19 and Food Supply](#) (HC 263), on 30 July 2020. The Government response was received on 2 October 2020 and is appended to this report.

Appendix: Government Response

Introduction

The Government thanks the Committee for its report on COVID-19 and food supply. The UK has a highly-resilient food supply chain and a food industry which is experienced in dealing with disruptions to food supply. The expertise, capability and levers to plan for, and respond to, food supply disruption lie predominantly with the industry. This includes establishing alternative supply routes and suppliers, where appropriate, and other measures to minimise disruption.

The Government has a supportive role utilising well-established ways of working with the food industry. This includes extensive and ongoing engagement to support industry in preparedness for, and response to, potential food supply chain disruptions. The Government response included introducing a range of measures to relax key regulations to support food supply on driver hours, delivery times, advice on food labelling and on competition law for key sectors. The Government also worked closely with retailers on communications to help manage increased demand. The detail of these interventions is detailed in the individual responses.

This support has enabled an industry led response that met the demand placed on it.

The industry response, its commitment, hard work and flexibility have helped to demonstrate the resilience of the UK food industry. Our experience in responding to COVID-19, working closely with the food industry, has been hugely informative to the Government's planning for further peaks and the food supply implications of the end of transition with the EU.

The Committee looked at a number of issues, which the Government has addressed below. For reference the conclusions and recommendations provided by the EFRA Committee are presented in *italics* and Government responses are listed directly below in plain type.

Shops and supermarkets

Conclusions and Recommendations 1 and 2: *We consider that, once the crisis hit, the Department for Environment, Food and Rural Affairs (Defra) worked well with industry to put in place measures to help retailers to deal with significantly increased consumer demand.* (Paragraph 15)

However, it appears that the Government had not anticipated how much retail demand would increase and that it would have a disruptive effect on food supply to consumers via

retailers. Given that empty shelves were already being reported in other countries that were ahead of the UK with regards to COVID-19 cases and responsive measures, this is surprising and disappointing. (Paragraph 16)

The Government is pleased with the Committee's observations in relation to Defra's response within conclusion and recommendation 1 and will continue to work closely with retailers.

The Government was monitoring the situation through the Civil Contingencies Secretariat (CCS) from the end of January and we were in contact with representatives of the Food Chain Emergency Liaison Group (FCELG) from early February. In early March, we began to receive intelligence from companies with European operations and, at that point, it became clear that the UK was likely to experience demand issues.

Although empty shelves were being reported in some other countries, we now know that there were variations in the actual level of increased demand countries across Europe were experiencing. Italy, for example, experienced a relatively small increase that began in mid to late February, whilst Spain saw a sharp increase that peaked in the middle of March. In the UK, consumer purchasing of certain products surged in the weeks leading up to lockdown, with number of visits and basket size increasing significantly. This was portrayed in the mainstream media, and on social media, as the result of panic buyers stripping shelves of all available products. The reality was that a much more complex combination of behaviours led to demand for certain longer life products and staples, such as pasta, outstripping retailers' ability to restock their stores. The fact that people were advised to avoid pubs, restaurants and cafes is also likely to have contributed to people purchasing more food in supermarkets.

It is inevitable that UK supply chain would struggle to cope with the increased demand experienced in March and April, but the food industry response has demonstrated resilience and that it can adapt to uncertain events as they unfold. We are working closely with industry to learn from this experience, with the aim of minimising the likelihood of any future disruption to the food supply chain leading to shortages of products on shelves.

Conclusion and Recommendation 3: *It is entirely reasonable and predictable that consumers would want to buy more food in anticipation of a lockdown, the need to self-isolate if they developed COVID-19 symptoms; or school closures and changed working patterns resulting in more meals eaten at home. The Government and retailers, including convenience stores, failed to develop an effective joint communications plan in anticipation of increased consumer demand. At a time when the public was looking to the Government for advice on how to live safely, we consider that the Government could have made more effort to provide reassurances. In the event of further lockdowns or restrictions, the Government should ensure that more emphasis is placed on reassuring the public that there will be enough food and essential supplies for everyone.* (Paragraph 17)

The Government worked closely with supermarkets to develop and share messaging that aimed to help consumers understand the resilient nature of our food supply chains and the impact of their own actions when shopping on others. We worked with retailers and the food and drink industry to continuously adapt and promote messaging as the situation developed. Representatives of supermarkets used this shared messaging to

call on customers to shop considerately at the height of the pandemic and retailers also proactively disseminated this message directly to their customers. We echoed this call through government led communications.

While it was important to get the right messages out to consumers, the content of these messages and the route to delivery had to be carefully considered. We worked with industry representatives to ensure that government communications were informed by the same consumer insight and recommendations. Research into consumer behaviour shows that proactively highlighting issues with food supply or panic buying behaviour is more likely to exacerbate the negative consumer behaviours like stockpiling and panic buying that the communications are seeking to help avoid.

Evidence also shows that industry voices are often best placed to provide the expert commentary needed to demonstrate the resilience of the supply chain and to reassure the public that if we all shop considerately there is enough to go around. At the peak of the episode, however, we took the decision to make a direct appeal as part of the televised national press conference, for people to think of others and to only buy what was needed.

We also used this opportunity to reach a wide audience to clearly communicate what we, as government were doing to help alleviate the operational situation and support the industry as it quickly responded to unprecedented demand. This included highlighting that we relaxed competition laws to allow retailers to work together to keep shops open and stocked and we worked with local authorities to extend delivery hours to supermarkets so that shelves could be replenished more quickly.

We are working with the industry to learn from the COVID-19 response and adapt our approach to future episodes.

We will use the experience gained from the unprecedented situation we faced in March 2020, to tailor our communications and how we work with industry to deliver better aligned and joined up communications in response to similar scenarios in the future.

Conclusion and Recommendation 4: *We heard concerns about the relaxation of competition law on smaller retailers and their suppliers. Smaller retailers played a vital role in providing food to people during the pandemic, particularly where they were unable to get to supermarkets, and we suggest that in future, the Government must ensure that small retailers are well supplied and supported. While the relaxation has helped retailers manage a period of unprecedented demand, the longer the exclusion orders are in place, the greater the risk of detriment to consumers. The Government should clarify the conditions to be met in order for the exclusion orders relating to the COVID-19 pandemic to expire. The Government and Competition and Markets Authority should review whether the relaxation of competition law has been detrimental to consumers and suppliers to large retailers during the pandemic.* (Paragraph 18)

Exclusion orders are intended to be used in exceptional circumstances only. Effective competition is good for consumers and the economy and exclusion orders should not be in place longer than necessary. The exclusion orders¹ issued during the COVID-19 response make clear that agreements can only benefit from the exclusion where they meet

¹ The government made a total of five exclusion orders, covering dairy produce, groceries, health care (England), health care (Wales), and Solent maritime crossings

all the necessary criteria. In particular, they must relate to specified 'qualifying activities', and be made for the purpose of preventing or mitigating disruption to the supply of the relevant goods or services caused by a reason relating to COVID-19.

Defra worked closely with the Department for Business, Energy and Industrial Strategy (BEIS) and the Competition and Markets Authority (CMA) in implementing the groceries exclusion order² which provided a specific and temporary relaxation of elements of UK competition law, enabling grocery retailers, their suppliers (directly or indirectly) and logistic services to work together for the purpose of feeding the nation during these unprecedented circumstances.

The groceries exclusion order specifies what kinds of agreements are temporarily permitted. This does not include the direct sharing of information relating to costs or prices, for example. As the exclusion only applies to activities undertaken in relation to the COVID-19 response, the sharing of information or collusion on future business planning is also not included.

The exclusion orders require agreements to be notified to the BEIS Secretary of State and the Government has published details of these on gov.uk. This has assisted in understanding the ongoing need for the exclusions. We have also maintained regular discussions with the relevant sectors to understand how trading conditions are evolving and monitor whether notified agreements are still actively required. In total, 18 notifications relating to the groceries exclusion order were published on gov.uk covering activities aimed at increasing the supply of food to consumers such as coordination on opening hours and delivery activities. Companies also notified activities to coordinate delivery of food to the vulnerable, including those who were shielding and unable to access supermarkets. Contracts to provide food to the shielded, enabled through the groceries exclusion order, have already ended in England and Wales, and are timed to end in October in Scotland. The Government laid the necessary SI to revoke the orders on 3 September and will come into effect on 8 October in line with the ending of these contracts. The order for the dairy sector expired on 1 August by virtue of its sunset clause.

Throughout the COVID-19 response, the Government has worked closely with the appropriate bodies to ensure the protection of consumers and suppliers. We also worked with representatives of small retailers to ensure they were supported during COVID-19.

To ensure protection of consumers, the CMA has established a COVID-19 taskforce and has been carefully monitoring complaints received during the pandemic. The taskforce's report³ shows that price-related complaints, whilst initially high at the end of March, have fallen sharply since then.

The Government has also engaged with the Groceries Code Adjudicator (GCA) in order to protect suppliers. The BEIS Secretary of State reappointed the current Groceries Code Adjudicator, Christine Tacon, for a short third term to provide continuity and reassurance to the groceries sector through the COVID-19 outbreak. The GCA has been working closely with large retailers and their direct suppliers since the beginning of the pandemic

2 The Competition Act 1998 (Groceries) (Coronavirus) (Public Policy Exclusion) Order 2020

3 <https://www.gov.uk/government/news/latest-update-from-cma-covid-19-taskforce>

in response to the considerable challenges faced by retailers and their suppliers in working together to ensure people have access to food and other essentials during the COVID-19 outbreak.

The GCA has published three statements on current supply arrangements making it clear that notice periods may need to be very short and that suppliers should not wait to raise issues with retailers; encouraging the retailers to consider their payment practices during this period; and reassuring retailers' CEOs that it would not take regulatory action when all parties were working in the best interests of the consumer. The GCA has contacted each of the 13 retailer Code Compliance Officers on a monthly basis throughout the pandemic to establish if suppliers were reporting any issues: there have been none of any significance. The GCA continues to urge suppliers to raise any issues straightaway with the retailers and, where appropriate, to refer them to the GCA.

Throughout the response to COVID-19 Defra worked closely with the Association of Convenience Stores to understand the challenges for smaller retailers. We recognise the crucial role carried out by the convenience sector to support customers, including by offering more flexible payment options, home deliveries and adjusting product ranges to support local requirements. As part of this work we carried out monitoring of service fulfilment for smaller retailers and convened manufacturers on behalf of small retailers to help ensure supply was maintained, where possible, despite the overall increased demand throughout the system.

Conclusion and Recommendation 5: *The spike in demand for online grocery shopping and home delivery was an obvious consequence of measures designed to stop the spread of COVID-19. We commend the efforts of supermarkets and convenience stores in ramping up their capacity to offer online shopping throughout the pandemic. The Government's temporary relaxation of rules around drivers' hours also helped.* (Paragraph 27)

We echo the Committee's comments on the efforts of supermarkets and convenience stores. Retailers responded to the increased demand for 'click and collect' and online delivery services and worked hard to expand the number of delivery slots.

The Government agrees that the temporary relaxation of drivers' hours rules assisted in retailers being able to make extra deliveries. Defra also waived the 5p carrier bag charge for online orders, which helped minimise the contact between delivery drivers and customers, improving the safety and speed of home deliveries.

Conclusion and Recommendation 6: *There is no reason why the Government should have had any misconceptions about the capacity of online retailers to cater for the increased demand from consumers shopping from home. Online accounted for a small proportion of the market before the pandemic and retailers were advising Defra on their capacity to increase the service. In encouraging people to shop online without acknowledging the limited capacity of retailers to cater for that demand, the Government set the scene for public frustration and for blame to be placed at the door of the retailers. We are concerned that there may have been a failure of communication between Government and the public, and across Government. The Government should clarify how it intends to manage the mismatch between demand and capacity for online food shopping in the event of a second wave of COVID-19 infections. There should be better communication across Government and between Government and the public about online capacity.* (Paragraph 28)

As the national response to the pandemic developed it became clear that there was significant demand for online delivery services across the major supermarket chains. Industry reacted quickly to increase capacity of both delivery services and click and collect services, however demand quickly exceeded the increased capacity that retailers were able to put into place. The pressure on these services and the resultant impact on the most vulnerable groups was something that retailers made clear during ongoing engagement with government departments. Initial messaging highlighted online delivery services as one of the options that people could take to access food and other essentials. In response to feedback from industry, we adapted public messaging to encourage people to shop in store where possible and to help vulnerable friends, families and neighbours by offering to shop on their behalf. This brought government messaging back into line with communications from retailers to their customers. We also highlighted the wide range of other ways that people could access food and supplies for delivery, for example through smaller, local shops. Retailers communicated this information to their customers through direct channels and Government messages mirrored this across its own channels. We also targeted information to local areas through social media and partnered with local authorities and charities to share messaging for vulnerable groups on how to access food through volunteers and local services. The experience from COVID-19 will inform the government's approach to communicating about the capacity and range of sources of access to food supply in any similar future situations.

Conclusion and Recommendation 7: *The significantly increased demand for online shopping, combined with in-store measures to prevent the spread of COVID-19 and limit excessive buying, have had a negative impact on people who are not shielding but struggling to access food, despite being able to afford it. We accept that some mistakes and compromises were inevitable and that retailers, on the whole, responded well to the unprecedented situation, although they will need to adjust to different needs more quickly in future. However, we urge Defra to consult with retailers and charities to ensure that reasonable adjustments are made for this group of people as the pandemic continues. Ensuring that the necessary steps to contain future pandemics or other crises do not result in disproportionate impacts on people with disabilities or other vulnerabilities should be built into the Government and industry's emergency planning. (Paragraph 35)*

We know the difficulties that groups including the disabled faced in accessing food as a result of COVID-19, and that a large number of vulnerable people continue to rely on friends, family and wider community support. The tremendous contribution of many thousands of volunteers has been an example of the people of this country at their best.

We worked closely with retailers, local authorities (LA) and charities to help them make connections and form partnerships to work together to help people and put in place a range of services for those who needed it, including those who are not shielding but have other vulnerabilities.

Through these partnerships, we were able to introduce measures including the increase of retailer capacity for online delivery and click and collect slots. We also introduced other measures, including working with the National Health Service (NHS) to ensure people could get help to access food, prescriptions and essential items. Local authorities are also able to offer support by referring them to local and commercial shop and drop services.

Defra has secured access to a limited number of delivery slots with two major supermarkets and created an online portal to enable Local authorities and selected national charities (Royal National Institute of Blind People (RNIB), Age UK and Scope) to refer vulnerable members of their communities for access to priority supermarket delivery slots. 277 Local authorities (81%) are also actively involved in the scheme and referring vulnerable members of their communities.

In future we will continue working with industry and other key stakeholders to ensure those with vulnerabilities that are not shielding will be able to get the food they need.

Food insecurity

Conclusion and Recommendation 8: *Use of food banks was increasing before the pandemic and has effectively doubled during the pandemic. It is likely that the situation will get worse before it gets better. Food bank use is normally a symptom of, amongst other things, a lack of sufficient income and social support, rather than a food supply issue and we note the June 2020 report of the Work and Pensions Committee, which addresses these matters and calls for flexibility in Universal Credit advance payments. (Paragraph 47)*

Throughout the pandemic government has worked closely with the third sector, including food bank providers to address the impact on vulnerable people. We have provided £16 million in funding to help get food to charities that are feeding vulnerable people affected by COVID-19. We have also strengthened the welfare safety net for those affected by COVID-19 and will provide over £6.5bn of additional support until the end of the year.

These measures include increasing Universal Credit and Working Tax Credit by up to £1,040 for this financial year, benefiting over 4 million of the most vulnerable households, and increasing Local Housing Allowance rates, putting an average of £600 into people's pockets this year [1 million households will benefit].

Total welfare spending in 2019/20 was over £227bn, including over £103bn on working age welfare benefits for those that need them

Conclusion and Recommendation 9: *During the early stages of the pandemic, however, supply to food banks and food aid organisations was disrupted. At the same time, a significant amount of food is still being wasted in the supply chain. Food waste must always be reduced, but, at a time of such critical need, it is particularly abhorrent. We commend Defra for providing £16 million of funding for the redistribution of food to vulnerable people. However, we recommend that Defra continues to provide the £5 million annual funding for FareShare to redistribute surplus food from the farmgate and across the supply chain to frontline food aid providers, for a further two years. As well as helping those who struggle to afford food as the effects of the pandemic continue, it would also reduce food waste at the farmgate. Over the next two years, Defra should evaluate whether the scheme has been successful and whether it should continue or be expanded as part of its efforts to reduce food waste. The Government should evaluate the impact of the £63 million provided to local authorities to assist those struggling to afford food and consider whether further support is necessary. (Paragraph 48)*

Nobody wants to see good food go to waste. The UK is committed to two ambitious targets; Sustainable Development Goal 12.3 with a target of 50% reduction in retail and consumer food waste by 2030 and the Courtauld Commitment 2025 (C2025) which aims to reduce food waste by 20% between 2015 and 2025.

Government grants have been made available to both small and large redistribution organisations through Waste and Resource Action Programme's (WRAP) Resource Action Fund. In addition, circa £5 million of the £16 million fund highlighted in the Committee's recommendation has been allocated to COVID-19 specific grants to support food redistribution organisations of all sizes. So far, 210 organisations, including FareShare UK and their franchisees, have been awarded funds through this grant to overcome barriers in the sector. From overcoming operational barriers in obtaining, storing and transporting food safely from restaurants as they close in response to coronavirus, to supporting drops in volunteer numbers, this funding will allow charities to capture additional surplus, for example from local farms, retailers and pubs that would otherwise become food waste.

FareShare was one of four redistribution organisations who previously received grants in 2019 as part of a £15 million pilot project to tackle food waste across a range of projects. In summary, FareShare, supported by £1.9m, redistributed 4,447 tonnes while the programme as a whole redistributed 6,013 tonnes of food surplus for circa £4.2m. It is important to note that we estimate that the food surplus redistributed through this grant scheme represents approximately 0.2% of all supply chain food waste and <0.1% of all food waste (post-farm gate). This indicates that although grant schemes that encourage the diversion of food surplus to waste streams are important, much more needs to be done to tackle food waste at all stages in the supply chain.

The evaluation of the £15m pilot project and other government interventions to tackle food waste will inform our future programme of work, including into the next spending review period.

Defra dispersed the full £63m to the 151 first tier English Councils by early August. The majority of the money will be spent within 12 weeks. We are monitoring spend on a monthly basis via the Ministry of Housing, Communities and Local Government (MHCLG) LA Finance team, and we will be evaluating the impact at the end of that 12 week period.

Conclusions and Recommendations 10 and 11: *With the need to quickly provide children with a substitute for free school meals after schools closed, the Department for Education (DfE) designed a national voucher system. The speed with which it was set up was commendable and some teething problems were inevitable. However, the system has been beset by significant problems, ultimately leading to about a third of children experiencing greater food insecurity in the first month. A particular problem was the Government's immediate reliance on the larger retailers to participate in the scheme, with discounters and convenience stores excluded for technical reasons, even when they were able to offer workable voucher schemes which would have helped more children. There was a need for closer collaboration on the part of both Government and retailers. The Government did not sufficiently consider the realities of where families dependent on free school meals were most likely to shop for food. We note that vouchers can be used during school holidays. Children in poverty are particularly vulnerable to experiencing insufficient nutritious food during*

the school holidays, so it is important such schemes have universal reach. Penalising some schools that use voucher systems outside the problematic national scheme ignores the fact that the ultimate priority, as recognised by those schools, should be keeping children fed. Although more retailers were added to the scheme, we consider that this took too long. We are disappointed at the apparent lack of willingness to quickly adapt the scheme in response to the issues that emerged. (Paragraph 57)

The Government should now be more flexible and recognise the importance and success of most community-led responses to the provision of free school meal substitutes. Schools should be allowed to provide vouchers for whichever retailers serve their community best, without financial penalty. In addition, schools should be encouraged to continue catering directly for their pupils without being put in a financially worse situation than those using the national voucher scheme. (Paragraph 58)

The Government has taken unprecedented and substantial action to ensure that no child should go hungry as we take measures to tackle coronavirus, including in relation to free school meals. Minister Prentis chaired a cross-Government Task Force on Food and Other Essential Supplies to the Vulnerable in order to bring together and drive forward Government activity on access to food. We continued to provide schools with their expected funding, including funding to cover benefits-related free school meals (FSM) and universal infant FSM. Schools continued to provide meal options for all children who were in school, and meals were available free of charge to pupils eligible for FSM. In addition, schools were free to consider the best solution for providing support to pupils eligible for benefits-related FSM who were staying at home.

In the first instance, we asked schools to support eligible pupils at home by providing meals or food parcels through their existing food providers wherever possible. We have always encouraged schools to firstly consider if they can use their own local food parcel arrangements to support families with food and we are aware of excellent examples of where schools and their food providers have delivered this. However, we recognised that providing meals and food parcels was not a practical option for all schools. That is why on 31 March we launched a national voucher scheme as an alternative option, with costs covered by the Department for Education.

Initially, the scheme's gift cards could be spent in stores who already had eGift card arrangements in place with our supplier. This included Asda, Sainsbury's, Tesco, Morrisons, M&S and Waitrose. Other supermarkets were encouraged to join the scheme, where they had the infrastructure to deliver eGift cards across their network of stores. As the scheme progressed, we were able to add Aldi, McColl's, Iceland and the Company Shop Group.

Alternatively, schools could take local approaches to providing FSM and claim for the costs to be reimbursed. This included the option to make local voucher arrangements with supermarkets that were not part of our national scheme. We published guidance on funding for exceptional costs associated with coronavirus (COVID-19)⁴ with instructions for how schools could be reimbursed when they incurred additional costs in this way.

4 <https://www.gov.uk/government/publications/coronavirus-covid-19-financial-support-for-schools>

The scheme delivered to thousands of schools and families. The supplier, Edenred, has reported that over £384m worth of voucher codes has been redeemed into supermarket eGift cards by schools and families through the scheme as of 16 September. Edenred has also reported that over 20,350 schools had placed orders for the scheme.

Funding is available to schools that are unable to meet such additional costs from their existing resources, or which they could only meet by drawing down on reserves and undermining their long-term financial sustainability.

Schools are not eligible to make a claim against this fund if they expect to add to their existing historic surpluses in their current financial year (September 2019 to August 2020 for academies and April 2020 to March 2021 for maintained schools). This means schools cannot claim if they began their current financial year with an accumulated historic surplus and expect to increase that surplus this year and thereby finish the year with a higher level of reserves than they started.

Schools are eligible for reimbursement where the additional costs associated with coronavirus (COVID-19) would

- result in a school having to use historic surpluses
- increase the size of a historic deficit
- prevent the planned repayment of a historic deficit

Conclusion and Recommendation 12: *The distribution of food parcels to people who were Clinically Extremely Vulnerable (CEV) and without other means of support was a valuable way of ensuring that those people had access to basic foodstuffs. We accept that many of the complaints about the contents of parcels were likely to relate to the early food parcels made from the emergency bulk food offer from Government to local authorities. Once the centralised system was in place, it appeared to operate very well. However, if the Government repeats such an endeavour in future, such as during a second wave of COVID-19, it should make greater efforts to ensure that nutrition and dietary needs are given higher priority from the start. (Paragraph 64)*

The contents of the food parcels were designed to contain a basic selection of food and other essential items. They were a standardised package designed to be suitable for the majority of people and contain enough food for one person for one week, as reviewed by nutritionists. Those individuals who had special dietary requirements that were not met through the standard food parcel were advised to contact their local authority for support, who were better placed to understand and meet individual food needs.

Alongside the direct provision of food, Government put in place a number of measures to ensure that:

- Any clinically extremely vulnerable (CEV) individual who signalled a food need via the National Shielding Service had their data shared with the major supermarkets to ensure that home deliveries were prioritised to those with medical conditions that made them most vulnerable.

- CEV individuals could get support from the NHS Volunteer Responders programme, by calling 0808 196 3646 to be linked with a volunteer who could do a food shop for them.
- We collated and distributed to local authorities and charities a list of commercial food delivery options available, including food boxes and prepared meals.

As part of the future food supply planning models, we will continue to work closely with other Government Departments (OGD) and local authorities to move towards better targeted support models, and improved personal choice to meet dietary, religious and cultural needs.

Conclusion and Recommendation 13 and 24: *One of the key questions for our inquiry was what the COVID-19 pandemic had shown about our food system, not just in terms of food supply, but also demand. There are clearly millions of people whose ability to afford sufficient, nutritious food has been severely disrupted or worsened. Lessons must be learnt from the experience in all four nations on how best to avoid and respond to food insecurity. We are very concerned that this situation will be exacerbated as the economic impacts of the pandemic continue to unfold. We are aware that a combination of ending furlough and a potential second wave of coronavirus may conspire to make the level and severity of food insecurity significantly higher. Therefore, the Government urgently needs a sustainable plan to mitigate the possible growth of food insecurity through a combination of financial and food supply strategies. Following the publication of the National Food Strategy, we recommend that the Government consults on whether a “Right to Food” should be given a legislative footing to ensure the Government has a reference point for action to tackle and measure food insecurity, with the flexibility to meet that commitment using different measures. This should happen as a matter of great urgency, in anticipation of increasing challenges to the food security of the nation post-COVID-19. (Paragraph 72)*

It is clear that before the pandemic, many people were already unable to have physical and economic access to sufficient, safe and nutritious food that met their dietary needs and food preferences for an active and healthy life. This was evidenced by the already-increasing demand for food banks over the past decade. The pandemic exacerbated these existing food insecurities and we have heard warnings that the situation is likely to worsen. Going to back to the pre-pandemic “normal” will not be good enough. The National Food Strategy must address national and personal food security and the Government must show clearer leadership on tackling the causes of insecurity. The Government must respond to the National Food Strategy within six months of its publication, as it has promised, including clear proposals for tackling food insecurity. This response should also set out what the immediate priorities for a Minister for Food Security should be. (Paragraph 116)

The Government remains committed to publishing a White Paper within 6 months of publication of the National Food Strategy independent review's final report. This independent review has been commissioned to help inform the Government's food strategy, and will include consideration of appropriate measures needed to tackle food insecurity. The final report is expected in 2021.

Conclusion and Recommendation 14: *The Government should amend the Agriculture Bill so that food security assessments should take place yearly, rather than every five years. (Paragraph 73)*

The Food Security Report is a major undertaking drawing on evidence from a wide range of sources. It includes an analysis of key trends and will cover a range of themes which will set out the food security landscape. It is important that we allow sufficient time to observe longer term key trends from a variety of sources. The report is not the only source of evidence on food security. The report will draw on a range of regularly reported and publicly available statistics and data.

The Government has however listened to the views expressed in Parliament during the debates on the Agriculture Bill and has introduced a concessionary amendment which will require the Food Security Report to be produced at least every three years, rather than every five years. Producing reports at least every three years will allow proper consideration of trends from the data. This would not be possible if it were necessary to publish reports on an annual basis. The amendment will also require the first food security report to be published on, or before, the last day on which both Houses of Parliament are sitting before Christmas Recess 2021. These amendments reflect the importance which the government places on the UK's food security.

Conclusion and Recommendation 15: *Responsibility for food falls across several Government departments, but there is a risk that food insecurity falls between the cracks with no clear lead. The establishment of a cross-Government taskforce looking at food insecurity during the pandemic indicated that Defra recognised the value of coordination across Government. However, the national voucher scheme for free school meals would certainly have benefitted from a faster and more joined-up approach between the DfE and Defra. We consider that Defra has made a good effort to tackle the issue, but it alone cannot tackle the causes of and solutions for food insecurity. The Government should measure and report levels of food insecurity across the country. We recommend that the Government appoints a Minister for Food Security, empowered to collect robust data on food insecurity and draw together policy across departments on food supply, nutrition and welfare in order to deliver sustainable change. (Paragraph 74)*

The Government will continue to monitor food insecurity. As part of the Agriculture Bill the government is including a new requirement to lay a report on food security before Parliament at least once every three years. The report will cover a range of current issues relevant to food security including global food availability; supply sources for food; the resilience of the supply chain for food; household expenditure on food; food safety and consumer confidence in food. The report will use data drawn from a blend of national and international data sources. This will include analysis of UK Government published statistics including the Living Costs and Food Survey, Family Resources Survey and Food Standard Agency's (FSA) Food and You Survey, along with data from the Food and Agriculture Organisation of the United Nations. It will also take account of the data published through Defra's Agriculture in the UK and Food Statistics Pocketbook publications.

Lord Gardiner Parliamentary Under Secretary of State (Minister for Rural Affairs and Biosecurity) is the Minister responsible for Food Security and Defra officials continue to work with other relevant Departments on food policy, including school meals (DfE), local authority provision (MHCLG) and the welfare system (Department for Work and Pensions) (DWP).

Food service sector

Conclusion and Recommendation 16: *The closure of foodservice and hospitality businesses was a huge shock for their food and drink suppliers, particularly those providing perishable goods who were unable to find alternative markets quickly. The Government could have done more to anticipate problems that would arise, particularly as it was necessary Government health measures, rather than market forces, that caused severe economic disruption. This was particularly demonstrated by the crisis in the dairy sector, which we are examining in a separate call for evidence. (Paragraph 90)*

The closure of the hospitality and foodservice sector had major impacts across the food supply chain. That is why Government stood up existing stakeholder engagement forums immediately, and developed new targeted forums at pace, to facilitate close collaboration with industry and ensure a shared and detailed understanding of emerging risks and impacts in real time.

The food industry worked constructively and tirelessly to create innovative solutions in challenging circumstances. For example, the Federation of Wholesale Distributors set up a new online portal, 'Food2Care', enabling care homes that were struggling to secure supplies to find local wholesalers, based on a postcode search. This provided an invaluable service for care homes and allowed wholesalers to move stock for which they might otherwise have had no outlet. The Government would like to offer its sincere thanks to industry for its creative and committed response.

We believe that we took a number of proactive and important decisions to support the agri-food sector during the pandemic. It was clear that there was no single or simple solution to the challenges thrown up by COVID-19, but close co-operation between Government and industry helped address the worst impacts of the situation.

These included the wide-ranging package of measures that HM Treasury (HMT) made available to businesses, to support them through this difficult period.

The Coronavirus Business Interruption Loan Scheme (CBILS) helps all viable UK-based businesses with an annual turnover of up to £45 million to access loans, overdrafts, invoice finance and asset finance of up to £5 million for up to 6 years. The government will also make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees (restricted to €100,000 for a small and medium sized-enterprises (SME). This means smaller businesses will benefit from no upfront costs and lower initial repayments. The Government will provide an 80% government guarantee on eligible lending.

Under the Bounce Back Loan scheme the Government will provide lenders with a 100% guarantee on each loan, to give lenders the confidence they need to support the smallest businesses in the country. These loans will be from £2,000 up to £50,000, capped at 25% of firms' turnover, and the Government will cover the first 12 months of interest payments and fees charged to the business by the lender. Loan terms will be up to 6 years with no repayments due during the first 12 months. The interest rate after the first 12-month period which is covered by the government is fixed at 2.5%. No early repayment fees will be charged to a borrower.

The Coronavirus Job Retention Scheme provides for payments to be made from HMT to employers for the costs of employing eligible furloughed employees during the coronavirus pandemic. The Scheme applied to payments by employers in relation to earnings paid, or payable, between 1 March 2020 and 31 May 2020 and has since been extended to 31 October.

In addition, a number of other measures were introduced to support specific sectors:

In the dairy sector, to supplement the groceries competition law easement, a further temporary relaxation of competition law was made specifically to assist the dairy sector. This enabled further collaboration in the supply chain, making it easier for processors to come together to maximise production and processing and storage efficiency until shops, restaurants and pubs were able to open again. The EU private storage aid (PSA) schemes extended to include the UK dairy sector during the Transition Period. These included schemes for butter, cheese and skimmed milk powder (SMP). Similar schemes were opened for lamb, beef and goat meat.

Defra together with the Devolved Administrations (DA) also contributed to the financing of a £1m Agriculture and Horticulture Development Board (AHDB)/ Dairy UK campaign to promote the consumption of milk. Defra also supported similar campaigns for beef and lamb.

Defra also opened a Dairy Response Fund from which England's dairy farmers were able to access up to £10,000 each. The new fund will help support dairy farmers facing financial difficulties, ensuring they can continue to operate and sustain production capacity without impacts on animal welfare.

In the potato sector, the Government implemented several emergency mechanisms to support the sector in response to the crisis. This included a temporary exemption to EU competition law for a period of six months for farmers in the processed potato sector, and the relaxation of the Maximum Residue level permitted for the sprout suppressant CIPC to allow potatoes normally destined for the processing sector to access the fresh sales and retail markets.

Considerable work is taking place to ensure we learn lessons from the COVID-19 response. We continue to use proven mechanisms to engage with the food industry and to monitor impacts for food and drink suppliers as the hospitality and foodservice sector reopens.

Conclusion and Recommendation 17: *We cautiously welcome the decision to allow foodservice and hospitality businesses to reopen with reduced social distancing, as this will increase the likelihood that they and their food suppliers will survive the economic impact of the pandemic. The Government must ensure that foodservice and hospitality businesses that were thriving before the pandemic remain economically viable. We welcome that extra support for the sector was announced in the Plan for Jobs 2020. In addition, every effort must also be made to minimise the risk of infection and protect customers and staff.* (Paragraph 91)

The Government has published COVID-secure guidance for restaurants, pubs, bars and takeaway services to help these establishments to minimise the risk of infection and protect customers and staff. New restrictions that came into force on 24 September on operating hours and social distancing for hospitality businesses are in response to a significant

increase in the spread of COVID-19. In developing these measures the Government has acted on the evidence of the spread of the disease while taking a proportionate approach to the impact on industry. The measures allow hospitality to remain open for the majority of the evening while reducing the risk that compliance with social distancing measures breaks down.

To help drive demand the government also launched the Eat Out to Help Out scheme which significantly increased restaurant bookings during August. We are pleased to see the positive impact this has had on the sector. Through our comprehensive Plan for Jobs we have put in place a wider package of hospitality support that goes beyond the summer, including cutting VAT to 5%, paying the wages of furloughed staff, business rates relief and billions in tax deferrals and loans – all helping to protect nearly 2 million jobs in the hospitality and tourism industries.

Conclusion and Recommendation 18: *The hospitality and foodservice sectors may take over a year to recover from forced closure and further financial difficulties are likely. The Government should work with producers, processors and wholesalers to understand their concerns and monitor the health of food and drink suppliers, particularly SMEs, over the next 18 months as supply chains restart. In its response to this Report, the Government should include a plan for how it intends to support food and drink suppliers to the hospitality and foodservice sector during this turbulent time. (Paragraph 92)*

We appreciate and understand the difficulties that many producers, processors and wholesalers have experienced during the Coronavirus pandemic. The Government is also aware of the supply chain pressures which COVID-19 has caused for the producers in the farming sectors and is grateful for the hard work producers are doing to increase the supply of products to the hospitality and foodservice sectors as supply chains restart.

Close working relationships with industry stakeholders have been integral to the Government's response, enabling us to manage risks to the food supply chain caused by the pandemic. We are committed to working with producers, processors, wholesalers, retailers, hospitality and food service businesses to address their concerns and monitor the health of the food and farming industry over the next 18 months. For a specific plan for supporting food and drink suppliers to the hospitality and food service sector please see Annex A.

Government is also working to support businesses experiencing increased costs and disrupted cash flow as a result of COVID-19. The Chancellor has announced over £300bn of guaranteed loans for supporting businesses to access finance. These measures include the Coronavirus Job Retention Scheme (extended to 31 October) and Bonus (to be paid out in early 2021); the Coronavirus Business Interruption Loan Schemes for small and large businesses (CBILS/CLBILS); the Bounce Back Loan Scheme for SMEs (applications open until 4 November); the Self-Employment Income Support Scheme (SEISS), for which applications are open until 19 October; and the £2bn Kickstart Scheme. The Government has also announced the Trade Credit Reinsurance Scheme, which provides £10bn of guarantees on business-to-business transactions currently supported by TCI, backdated to April 2020 and running to 31 December 2020)

For food and drink businesses specifically, the Government announced a 'bounce back' package of measures, which specifically aims to aid SMEs through support for

e-commerce and exports; as well as a VAT cut from 20% to 5% on hospitality and tourism activities (including out of home food) until January 2021, which will consequently result in improved demand for suppliers to the sector.

Key workers in the food sector

Conclusion and Recommendation 19: *We would like to put on record our unreserved thanks to all the key workers in the food supply chain whose efforts and sacrifices have meant that the nation is being fed during the COVID-19 pandemic.* (Paragraph 94)

The Government thanks the committee for these comments and joins them in recognising the outstanding efforts of workers in the food supply chain to keep this vital industry operational through such extraordinary and challenging circumstances. The Food Heroes campaign which ran at the height of the response was initiated by Defra to openly recognise the role that the industry played and to publicly demonstrate our thanks. We would like to put on record our gratitude for the hard work and sacrifices made by employees at every level of the food supply chain, food supply continued at the height of the pandemic, and ensured that the nation was being fed at a critical time. We are also grateful to the businesses, associations, recruiters, unions and expert bodies who worked with government during this period to ensure our response to the COVID-19 pandemic was robust, evidence-led, and ensured that the key requirements of the UK's agri-food industry were at the centre of our policy-making decisions.

Conclusion and Recommendation 20: *Guidance on measures that businesses should take to protect workers, such as guidance on how to introduce social distancing and the use of personal protective equipment, was not issued quickly enough. We commend the processors, manufacturers, retailers and trade unions that developed and implemented COVID-secure working practices before the Government had issued satisfactory guidance. It is disappointing that guidance on social distancing in the workplace was only published in April. We recognise the pressure the Government, and in particular Public Health England, was under at the time. However, yet again, it appears that the Government was somewhat slow to react and support food businesses in dealing with the impacts of COVID-19 prevention measures. The Government should ensure that improved co-ordination mechanisms are in place between government departments, public bodies and with the devolved administrations to ensure that in any future disruption, guidance can be developed, cleared and issued more rapidly. This may mean better resourcing of critical specialist functions, so they have the capacity to meet unexpected surges in demand.* (Paragraph 100)

The Government's guidance has been developed in a rapidly evolving landscape and is informed by new information, including science, statistics and rates of infection. Although the aim is to always be proactive, the government is compelled to act on the latest and most accurate information only when it becomes available. The government has developed a process for rapidly developing and maintaining accurate, clear and timely guidance across government, in collaboration of Public Health England (PHE).

During the peak of the COVID-19 response, the government established multiple ministerial and official forums with a wide range of government and industry stakeholders as well as the devolved administrations, in addition to existing forums, to coordinate

different aspects of COVID-19 planning and response. This included bi-weekly calls on food supply, led by DEFRA. Devolved administration food supply officials are standing members of Defra's Food Chain Emergency Liaison Group and Retailer Forum.

Conclusion and Recommendation 21(a): *While there have been some outbreaks in meat and poultry processing plants in England and Wales, these have been in the minority, which is a testament to the efforts of the industry to keep workers safe.*

Further investigations should be carried out by the Government and industry on the reasons for these outbreaks (Paragraph 105).

The Government joins the committee in recognising the tireless efforts of the food processing industry to remain operational through this uniquely challenging period. Despite the logistical pressures that the essential COVID-19 measures created, the vast majority of these businesses remained open safely and without any outbreaks during the height of the pandemic. This work was essential to protecting the food supply chain and continues to play a central role in both the UK's economy and the welfare of its residents.

As a matter of priority, we are working with PHE, Health and Safety Executive (HSE), Joint Biosecurity Centre (JBC), Department of Health and Social Care (DHSC) and FSA to study newly reported national and international evidence as it emerges and to conduct our own investigations into the transmission pathways in and around food processing plants. We do not yet have a full picture, but—as reported by Scientific Advisory Group for Emergencies (SAGE) in July 2020—our current understanding is that they are linked to a combination of working conditions, working culture, and socioeconomic factors including living conditions and shared transport. We are also working with our DA colleagues to seek to find, while accepting this is a devolved area of competence, consistency in approach across the UK.

The official guidance for food businesses⁵ was developed by PHE with input from a number of departments and agencies including Defra. This guidance outlines best practice for the industry on how to adapt their working conditions in light of the current circumstances. PHE is continuing to review and update this guidance in line with the most current available evidence in relation to food processing.

Conclusion and Recommendation 21(b): *We are concerned that factors such as a lack of statutory sick pay may discourage workers from self-isolating if they develop symptoms. The Government should gather data from industry and unions on how many workers could be disincentivised to self-isolate by their employment terms. The Government and industry should also evaluate whether migrant workers face other issues that increase the risk of outbreaks, for example language barriers and living and travel arrangements. (Paragraph 105)*

The Government has a strong safety net that helps people facing hardship and are unable to support themselves financially – Statutory Sick Pay (SSP) is just one part of our wider offer to support people in times of need. During this challenging period, we are taking every opportunity to ensure that everybody is supported to do the right thing.

5 <https://www.gov.uk/government/publications/covid-19-guidance-for-food-businesses/guidance-for-food-businesses-on-coronavirus-covid-19>

We acknowledge the committee's stated need to make sure everyone, including seasonal workers, can access the support they need and are entitled to.

We have worked throughout this period to facilitate operations within the agri-food industry, and better address the needs of employers and their workforce to access essential resources such as official guidance. This was driven in part by communication between Defra and industry sectors to ensure the Government was considering a complete range of workforce requirements in its response. We extend our gratitude to these stakeholders who worked with us during this busy period.

The Government's response also required taking expert advice from PHE to create a range of robust, evidence-driven guidance which helped industry to operate through challenging circumstances, and ensuring this guidance was disseminated at pace in an accessible way with the requirements of our audience in mind. This included the official guidance for food businesses⁶ hosted on Gov.UK, and more sector-specific guidance such as the best practice for seasonal workers⁷ which was developed in partnership with AHDB, and hosted on their website. Once again, this work highlights the strong collaborative relationships which have driven this government's response to the pandemic, and we are grateful to these expert bodies for their input.

We recognise the need for this work to remain current, and the Government will continue to work collaboratively across departments and industry to review and update guidance in line with any changes to requirements, circumstances or available evidence.

Food resilience and security

Conclusion and Recommendation 22: *The COVID-19 pandemic was unanticipated, and yet the Government had been preparing for an influenza pandemic for many years; this too could have resulted in lockdowns, self-isolation and closures of businesses, with knock-on effects on food. We consider that Defra mounted an excellent and commendable response to the food system disruptions caused by COVID-19, but we are surprised that the Government appeared to be so unprepared in the first place. It is particularly surprising because some other countries were ahead of the UK in terms of lockdowns and school and business closures, and therefore provided a clear indication that extraordinary measures were likely to be required. (Paragraph 114)*

Food is one of the 13 Critical National Infrastructure (CNI) sectors in the UK. Defra and the Food Standards Agency (FSA) have joint responsibility for food as a CNI sector, where Defra lead on security of food supply in England and the FSA on food safety and food crime in England, Wales and Northern Ireland. The risks posed to the security of the food sector are well recognised by Defra. Our work to prepare for a range of scenarios through preparations for leaving the EU has been underway for three years. This work has provided an enhanced understanding of the UK food supply chain which we have sought to incorporate within all areas of our work.

Every two years, lead Government departments review the National Security Risk Assessment (NSRA), a cross-government and scientifically rigorous product that assesses

6 <https://www.gov.uk/government/publications/covid-19-guidance-for-food-businesses/guidance-for-food-businesses-on-coronavirus-covid-19>

7 <https://ahdb.org.uk/coronavirus/seasonal-worker-guidance>

the impact and likelihood of the most serious non-malicious risks to the UK. The NSRA is not a prediction of the future and does not make recommendations on how to prepare for civil emergencies. Its primary function is to inform local and national contingency plans for a range of potential emergencies by providing the latest data on the risk landscape. At the time of the COVID-19 outbreak the NSRA reflected the latest and most robust scientific evidence available. Our contingency plans to date for the risk of Pandemic Influenza did allow us to be more prepared for absenteeism within the sector however in many respects the COVID-19 impacts were unprecedented. Any future assessments will incorporate improved knowledge of the food supply chain gained through the COVID-19 response.

The Government was monitoring the situation through the Civil Contingencies Secretariat (CCS) from the end of January and we were in contact with representatives of the Food Chain Emergency Liaison Group (FCELG) from early February. COVID-19 presented an unprecedented set of circumstances, including a significant spike in consumer demand in early March, and the closure of much of the food and drink hospitality industry; these events have required exceptional responses. The food industry sectors, with the support of the Government have demonstrated their resilience by responding rapidly to these very significant changes in demand through their flexibility and diversity, and the commitment and hard work of those in the industry. The Government has well-established ways of working with the food industry, which enabled a coordinated response to the challenges of the COVID-19 outbreak. Government introduced a range of measures which have helped to ease supply chain disruption and support an industry-led response.

As has already been highlighted in this response, Government worked closely with industry to support their response and made a number of timely and proportionate interventions, and will continue to do so.

Conclusion and Recommendation 23: *The measures put in place by Government to control the COVID-19 pandemic undoubtedly had a significant and disruptive effect on food systems in the UK. The food supply chain was, with time, Government support and the efforts of key workers, able to keep providing food to those who could afford and were physically able to go to shops and supermarkets. In addition, significant efforts were made by Government to ensure that Clinically Extremely Vulnerable (CEV) people who had to shield at home received food, albeit not always adequate in quantity or nutrition. Therefore, the food supply chain for retail consumers and CEV people was shown to be resilient. However, it remains to be seen how the food system will reorient to a new normal, a key test of resilience, particularly where foodservice and hospitality are concerned. The longer-term effects of the COVID-19 pandemic on our food supply resilience remain to be seen. (Paragraph 115)*

In the COVID-19 response, the Government acted quickly to provide emergency food to those in the shielding population who had no other means of obtaining supplies, including no wider support network of family, friends or volunteers. Two strategies to help the shielding group were prioritised: coordinating with supermarkets to ensure they had priority access to online groceries; and creating a food parcel scheme which would supply shielding people with essential groceries and household supplies.

We will continue to engage with industry, including through Defra's long-established food industry working group for resilience and security issues, the Food Chain Emergency Liaison Group (FCELG). We will also continue to engage with the industry through a range of bilateral and multilateral forums.

The Government is hugely grateful for the commitment of the industry and its key workers, who worked constructively to find innovative solutions to challenges throughout the COVID-19 response. We are committed to continuing our collaborative approach, supporting the food sector through recovery and re-start stages, and maintaining our food supply resilience.

Conclusion and Recommendation 25: *The Government cannot afford to be complacent; even though the supply chain ultimately proved to be resilient, for several weeks shoppers were faced with empty shop shelves and (in effect) rationing of staple goods. This disruption largely came from changing patterns of demand caused by Government action, which is an unusual situation. Disruptions that reduce the supply of food to the UK, for example because of a disorderly end to the transition period or climate change effects, will pose different, and potentially greater, challenges altogether. There also remains the possibility that further waves of COVID-19, or another future pandemic, may still lead to the disruption of cross-border supply chains. We welcome the Secretary of State's confidence about the end of the transition period but seek reassurances that food supply disruptions have been factored into contingency planning across Government. Defra must review the annual Sector Security and Resilience Plans for the food sector in light of lessons learned from the COVID-19 pandemic, including the extent to which consumer behaviour can disrupt supply chains. It should also be clearer about the difference between resilience and efficiency, and assess the extent to which our dependence on multi-national just-in-time supply chains affects resilience. Given the industry's concerns about the potential impact of a disorderly end to the Brexit transition period, and other potential risk factors, this should happen as a matter of urgency. (Paragraph 117)*

The UK has a highly-resilient food supply chain and a food industry which is experienced in dealing with disruptions to food supply. This has been demonstrated by the industry response including its work to establish alternative supply routes and suppliers, where appropriate, and other measures to minimise disruption.

The Government has a supportive role utilising well-established ways of working with the food industry. This includes extensive and ongoing engagement to support industry in preparedness for, and response to, potential food supply chain disruptions. We will be building on this approach to plan for the end of the Transition Period.

Through engagement with industry for EU Exit planning and COVID-19 response, Defra has significantly enhanced our knowledge and understanding of supply chain activity. The COVID-19 response demonstrated the importance of resilient supply chains, to ensure the continued flow of essential items and to keep global trade moving. During the response, Defra completed extensive mitigation and contingency planning work to consider COVID-19 impacts on international food supply chains, and the knock-on impacts for the UK.

The Government regularly reviews whether any short-term civil contingency planning is required. The Civil Contingencies Secretariat in the Cabinet Office continues to work

to address all civil contingencies risks, including any that might arise at the end of the Transition Period. As the situation with COVID-19 continues to evolve, we will keep assessing what the risk of disruption might be at the end of December and will continue to plan for these risks. Defra are conducting lessons learned exercises into the impact consumer behaviour and government interventions had on the food supply chain, and have reviewed our Sector Security Resilience Plans in light of these experiences.

Conclusion and Recommendation 26: *If the UK leaves the transition period provided for by the UK's withdrawal agreement with the EU at the end of 2020 without a clear trading arrangement with the EU, the relaxation of competition law may again be called for. The Government should explain whether another relaxation of competition law may be required in the event of a disruptive exit from the transition period, based on lessons learned from the COVID-19 pandemic. (Paragraph 118)*

Exclusion orders are intended to be used in exceptional circumstances only, as set out in the Competition Act 1998. Defra will continue to work closely with the food industry to support preparations for the end of the transition period and will take account of measures, including competition law, in doing so.

Annex A

Plan for supporting food and drink suppliers to the hospitality and foodservice sector

1. Engagement and monitoring

The Government will continue to use proven mechanisms to engage with industry and monitor risks and impacts as they develop. Engagement and monitoring strengthen our understanding of stakeholder concerns, allow us to develop shared understanding of risks, and help us identify areas in which industry and Government can work in partnership to mitigate or respond to disruption. We remain committed to working in partnership with industry and will continue to monitor the economic health of the agri-food and drink sector.

1.1 *Producers and Processors*

We will champion our food producers and processors by supporting them to produce more of our great food and drink, providing a sustainable supply of healthy, home grown food produced to high environmental standards.

This includes through using powers under our landmark Agriculture Bill, and through our work with the Food and Drink Sector Council, a formal industry partnership with government, helping create a more productive and sustainable food and drink sector.

Working together with the devolved administrations, Defra has established the UK Agricultural Market Monitoring Group (UKAMMG). The group monitors UK agricultural markets including price, supply, trade and recent developments, enabling it to provide forewarning of any atypical market movements. During the Coronavirus outbreak this group has provided a forum for Defra and the devolved administrations to share the latest market and stakeholder information.

1.2 *Manufacturers*

Defra has established a Food and Drink Manufacturers Forum to discuss the sector's concerns and their recovery after the initial phase of the pandemic.

We also continue to meet regularly with large Food and Drink manufacturers as part of the Strategic Relationship Management programme.

In addition to engaging with individual Food and Drink manufacturers, we work closely with trade associations, including the Food and Drink Federation. We hold regular meetings with four trade associations covering the whole supply chain. Several trade associations have collaborated on gathering and sharing data to evidence the impact COVID-19 has had on their members.

1.3 SMEs

We have introduced a monthly meeting of high-profile representatives from Regional Food Groups, Business Representative Organisations and individual SME companies, and will continue this alongside one-to-one engagement in order to understand SME concerns and support them during this time.

Small and medium-sized enterprises (SMEs) make up 97.5% of the UK food and drink supply chain. The Government recognise that in order to have a thriving food and drink supply chain we must engage with SME stakeholders.

1.4 Wholesalers

Defra has recently reached an agreement with the Federation of Wholesale Distributors to enhance monitoring of the wholesale sector, which will give an overview of the financial health of the sector and will ensure HMG are aware of emerging issues.

Defra worked in close collaboration with the wholesale food and drink industry throughout the crisis to help monitor the situation and to facilitate necessary steps to address issues as they arose.

1.5 Food Resilience Industry Forum

The Food Resilience Industry Forum (FRIF) began as a mechanism at the start of the COVID-19 crisis for regularly and efficiently updating some of Defra's key food supply chain stakeholders on Government messaging and listening to the main concerns of these stakeholders. The purpose of the FRIF has been to listen to insights from the people closest to the operations of the end-to-end supply chain. The FRIF was paused at the end of the summer but met on Thursday 17 September to discuss, amongst other things, plans for how to use the forum over the winter months.

2. Support for the sector

2.1 Support for businesses

The Government is working to support businesses experiencing increased costs and disrupted cash flow as a result of COVID-19. The Chancellor has announced over £300bn of guaranteed loans for supporting businesses to access finance.

These measures include:

- the Coronavirus Job Retention Scheme (extended to 31 October) and Bonus (to be paid out in early 2021);
- the Coronavirus Business Interruption Loan Schemes for small and large businesses (CBILS/ CLBILS);
- the Bounce Back Loan Scheme for SMEs (applications open until 4 November);
- the Self-Employment Income Support Scheme (SEISS), for which applications are open until 19 October;
- the £2bn Kickstart Scheme; and

- the Trade Credit Reinsurance Scheme, which provides £10bn of guarantees on business-to-business transactions currently supported by TCI, backdated to April 2020 and running to 31 December 2020).

2.2 Sector specific support

Government has also taken measures specifically aimed at supporting the food and drink sector and will continue to assess needs as they arise.

Bounce Back package (applications open until 4 November)

On 22 June, the Government announced a ‘bounce back’ package of support for agri-food exports. These measures were designed in conjunction with business and the devolved administrations, and will support agri-food businesses to grow their exports.

The plan provides unprecedented help for SMEs, including the launch of a Food and Drink SME E-commerce Accelerator Pilot to increase the level of international e-commerce support for food and drink SMEs. It also includes an uplift of UK Export Finance’s (UKEF) “Exporter’s Edge” campaign to identify and respond to the needs of the industry. UKEF will accelerate the development of its products to allow a wider range of UK exporters to access its support, including offering financing that is not tied to specific export contracts, but instead supports general business activities.

Further, as part of the package, Defra announced their first agricultural-counsellor to be based in Dubai, supporting exporters to the Gulf Region through addressing market access barriers, and working alongside the team from the Department for International Trade already present in the market to increase trade.

VAT reduction

The Government has cut VAT from 20%-5% on hospitality and tourism activities (including out of home food) until January 2021 which will consequently result in improved demand for suppliers to the sector.

Powers to provide financial support

The Agriculture Bill will provide powers to give financial support to anyone starting, or improving the productivity of, an agricultural or horticultural activity. We will continue working with the farming and food industry to consider the best way to support them, to allow them to grow and sell more fresh produce.

Eat Out To Help Out Scheme

To help drive demand the Government also launched the Eat Out to Help Out scheme, which provided a 50% reduction (maximum £10 per person) for sit-down meals in cafes, restaurants and pubs across the UK from Monday to Wednesday throughout August 2020. The scheme significantly increased restaurant bookings during August. Latest figures show that Eat Out to Help out significantly boosted restaurant bookings during the month of August, with the scheme growing in popularity each week.