COVID-19 & the Food Supply System

First Expert Panel Meeting 2nd July 3.00-4.30

Meeting Notes

In attendance: Julia Aglionby, David Andrews, James Bielby, Tim Brigstocke, Victoria Bywater, Robert Craig, Steve Guilbert, Ruth Huxley, V Hird, Andrew Kuyk (Provision Trade Federation), Matt Lobley (Co-Chair), Aoife Martin (Seafish), Sue Pritchard (Chief Executive Food Farming and Countryside Commission), Emma Tranter (notes), Jack Ward (CEO British Growers), Dr Rachel Ward (IFST), Tim Wilkinson, Michael Winter (Co-Chair), a representative of the meat processing industry, a representative of the dairy industry, a representative of the fishing industry, a representative of the livestock auctioneering industry, a representative from LEAF, a representative from the savoury food processing industry, a representative of the finance sector, 8 other panel members

1. Welcome and Introductions

As MW was unable to join the meeting initially ML assumed Chair duties. He welcomed everyone to the meeting, thanked them for attending, and ran through some Zoom housekeeping information.

2. Project Background

ML explained the background to the project:

The food system has been impacted by Covid-19 in a way that many people have noticed, from going to supermarket where there were empty shelves, to the impact on food service and the dairy sector. The UK research councils set up an urgent funding programme to look at various impacts of Covid-19 across society, economy, medical research, etc. The CRPR team thought it would be interesting to do some work to try and get up to date information and intelligence on the impact of Covid-19 on the whole food system, from primary producers right up to retailers, and to explore how that changes over time. The proposal was submitted just before Easter; much has happened since then and no doubt, there will be further changes over the 12-month duration of the project. The expert panel is integral to the project as they will be able to share information and intelligence about what is happening in their sector or business and the project team will be able to use this to supplement other information to produce near real-time commentaries on the impact of Covid-19.

3. Purpose of Expert Panel

    3a. Any questions on the Terms of Reference.

ML asked if anybody had any questions about the terms of reference. There were none.

    3b. How the Expert Panel will work.

It was initially envisaged that the panel would convene every couple of weeks however monthly meetings would now seem more appropriate. Panel members will not be requested to come to every panel meeting. Following on from this initial meeting, there will be some themed meetings looking at, for example, particular sectors, or particular cross-sector issues. Some meetings will be more relevant to some panel members than others and they are asked to dip in and out, as appropriate to their area of expertise and interest.

Meetings will be no longer than 90 minutes long and will be recorded to facilitate the writing of notes, which will be taken and distributed to the panel. Panel members will have the opportunity to edit anything that they have said if it has been captured incorrectly and redact anything they do not want to go into the public domain. The redacted meeting notes will be put on the project website and will also be used to help form the monthly bulletin. A separate set of confidential, non-redacted notes, internal to the panel, will be kept on file for the duration of the project. Panel members will have 5 working days following circulation of the draft notes to come back with edits and redactions. If none are received within 5 working days, the project team will take this to assume that no edits nor redactions are required.

3c. Panel anonymity and confidentiality

By default, University of Exeter research participants remain anonymous. However, for the purposes of this project, we would like to be able to identify people to some extent, but this is up to each individual.

ML referred the panel to the information sheet and consent form (already distributed) for information on storage of data and the privacy notice. He asked the panel to look at the options available to them and return the signed consent form as soon as possible – an electronic signature is fine.

Panel members have the right to withdraw from this research at any time without giving a reason. However, once the public version of the minutes is on the website, it is no longer possible to withdraw any data supplied. The panel will be made aware of relevant cut-off dates and deadlines.

There were no questions on the above.

4. **Panel round-table discussion (All):**
   What impacts on your businesses or interest?
   How have these been dealt with?

Given the amount of knowledge and expertise on the panel, we wanted to explore the most significant impact of Covid-19 on panel members' business or area of interest and how they tried to mitigate this. This information will help to shape the rest of the research agenda, including the online survey and telephone interviews, which will take place later on in the year.

<u>A representative from the meat processing industry</u>

A whole host of areas have been impacted and the initial impact of Covid-19 caused huge issues in the marketplace around carcass balance. This has been well-documented in the press, and it has taken a lot to sort out.

The biggest and most challenging area has been keeping the plants going and accommodating social distancing, and all that goes with that. This still continues to be a massive challenge, especially as lockdown is eased and there is more freedom of movement in the community.

Carcass balance issues were particularly bad with beef, as the consumer panic-bought mince, but not all the other cuts. This resulted in build-ups in the cold storage area and it took a huge industry effort to overcome this.

The biggest ongoing challenge is social distancing in plants. At the beginning April, ahead of some of the government guidance, the organisation produced some best practice guidelines (in the public domain) for its members. These considered not just the food areas, but also the restaurant and changing areas, car parks, etc. There were additional challenges due to the high proportion of migrant workers in this industry which also presented additional language challenges.

Dr. Rachel Ward – Institute of Food Science and Technology

The IFST ran Covid-19 webinars with participants from over 25 different countries. Many of the questions arising were quite simple, but important:

- Should I keep doing what I've always done?
- Do I need to change my hygiene practices?
- If I have someone who has become ill with Covid-19 do I need to recall my food and/or do I need to stop the line and/or do I need to do a deep clean?

Questions regarding hygiene were the most prevalent.

The IFST pulled together a knowledge hub and consulted with the FSA, Food Standards Scotland and Defra to try and consolidate the guidance, as early on in the crisis people were struggling to find the specificity of guidance for the food sector (this has subsequently been quite nicely addressed, in the main).

As the hospitality sector lost their channel to market, there was a lot of repurposing. Environmental health officers were doing their public health job rather than the food hygiene parts of their job – repurposing their access to advice. Restaurants were turning into ready-meal manufacturers overnight, veg box schemes broadened into supplying vegetables, dairy, fresh meat and fresh fish without having the usual chilled transportation in their existing infrastructure. There was a need for some quick guidance and there will continue to be an impact as we go through the next months, possibly years. Some businesses may not revert to their previous business models.

ML said that repurposing is an area the project team are keen to explore in depth: what barriers people have faced, what has enabled them to do it, and whether or not it is going to be an enduring impact.

A representative of a meat trade association

Affirmed previous comments about the technical difficulties that have been faced. On top of these, one of the biggest challenges has been the reporting in the press of the outbreaks in meat plants. There have been a total of 5 outbreaks of 10 people or more (below which isn't considered a large outbreak) which corresponds to outbreaks in 0.08% of approved meat premises. The over-reporting combined with the influence of Unite and the 'anti-meat brigade' has been a challenge.

The efforts between the FSA and the industry very early on in the crisis were quite staggering. What the public may not realise is that the meat plant environment has official veterinarians and meat inspectors there the whole time, particularly in the abattoir sector. No other sector that has this kind of presence, not even the nuclear sector. From the outset, the industry has been very clear with the FSA that the very best had to be done with regard to the working conditions, and there has been a lot of investment in plants to improve these. The alternative would be closure.

Regarding businesses changing tack, the biggest impact has been in the catering butcher sector, who lost all their hospitality customers overnight. They have diversified to home deliveries and direct deliveries, and do up to a third of what they used to do on the internet sales, home deliveries, etc. The difference financially is that they are being paid up front before the product leaves the premises rather than waiting 6-8 weeks for payment from chefs, etc. This is quite a turn around, and even the largest suppliers are not going to give up that business going forward. Hospitality supply will remain a part of their business, but there will be some enduring fundamental changes.

MW joined the meeting on the phone and suggested that ML continue chairing the meeting as he was able to see the other participants.

V Hird – Sustain, the alliance for better food and farming

Sustain is an NGO with over 100 NGOs as members. When lockdown started, Sustain set up 5 Covid-19 crisis response teams to look at the immediate impacts for 5 key areas:

- Those vulnerable to food access either for medical or financial reasons: Sustain worked with Defra and other organisations to make sure vulnerable were getting food. (For more information, refer to VH colleague, Cath.)
- Local responses: How local authorities, institutions and emergency response groups could deal with the crisis at a local level. Weekly webinars with the sustainable food places network gave people the opportunity to learn from each other what was going well and what was going badly.
- Supply chain work: Issues relating to markets, supply chains, local food systems, jobs and access to workers.
- Funding of activities.
- Learning lessons from what was happening and reflecting them in future policy advocacy.

Sustain also carried out a few surveys of local food systems - surveying people who are providing food at local level. E.g. veg boxes, community-supported agriculture, local farmers markets, etc.

The groups are beginning to change as we come out of lockdown and move into the post-Covid-19 period with a particular focus on what is happening with vulnerable people and those on a low income. Sustain is also involved in a couple of post-Covid-19 academic research projects.

For details of their work: https://www.sustainweb.org/coronavirus/

A representative of the dairy industry

The immediate crisis in the dairy industry related to short-life products and the fact that dairy farmers, in a couple of instances, were unable to have milk collected from the farm. The major issues were mainly due to the closing down of food service sector. For a number of big milk processors, their markets were shut down by up to 90%. They needed to look for ways to re-channel products into the supermarket system and supermarket networks, and this was a massive challenge. The industry has come together reasonably well and, by working with the government, has ensured a relaxation of competition rules in order to actually understand, for example, where the tightness in the markets was, etc.

Processors could talk about what levels of capacity there were within the industry in order to direct products and utilise as much as possible. In addition, the RABDF has been working to get support from the government for farmers who have lost significant income in order to try and compensate them.

There has inevitably been some product waste, and some sold at a much reduced value. There are currently European measures in place regarding intervention to help try and suck excess product from the market and support prices and value within the market. This has made quite a big difference. The market is returning quite quickly to a more normal state.

As a farmer and a cheesemaker, he has seen online retail sales increase massively – one customer increased by 500%. This has meant that individual businesses have had to change their ability to process the amount of product to meet demand. In addition, the van delivery system that was working with schools, restaurants and pubs has switched to doing delivery to vulnerable individuals, which is another change in market dynamic that quite a few businesses have done.

<u>Julia Aglionby (JA) – Food and Farming Countryside Commission Cumbria</u>

Julia deferred to Sue Pritchard to talk about the FFCC lockdown survey which has carried out interesting work on how we deal with innovation and dislocation and moving forward.

<u>Sue Pritchard – Food and Farming Countryside Commission</u>

The FFCC, in partnership with the Food Foundation, has generated widely reported work around people's appetite for change along with a second piece of work with professionals in the food and farming sectors and countryside organisations. The work also asked about optimism for change, continuing pressures and where they thought most effort needed to be.

A couple of things were interesting and revealing:

- There is a consensus that the long term impacts of the Covid-19 crisis on economy, job loss and rural economy were considerable, especially re. anxiety. However, people were optimistic that this is also a moment when change can happen with the right set of collaborative activities. There will be further work to see exactly what this would have to look like to fulfil people's sense of optimism.
- There is an interest in developing the narrative and developing the structures and the practices that support a more diverse food system with more emphasis on short supply chains. At the time of the survey, people's orientation was towards more diverse, local food systems, shoring up supply chains, investing in local processing. Since then, the narrative seems to be shifting again. Another survey will be conducted to see the extent to which the orientation towards the local will stand up as people start to move back to normal.

JA reiterated that there had been many challenges and problems, e.g. abattoirs no longer taking private killings. Also, how do we encourage significant changes amongst farmers when we know that the vast majority of livestock farmers will not be profitable when BPS is removed? Whilst there is a sense that nobody would have wished this on anybody, there is also change is the air.

ML added that whilst the Covid-19 crisis had knocked Brexit and the implications of radical policy change off the agenda, we now need to look at the extent to which adaptation might make businesses more resilient when the big policy change that is on the horizon comes along.

<u>A representative from the savoury food processing industry</u>

One of the larger food/prepared food suppliers in the UK, covering various categories. They experienced the peak – panic buying – and then the subsequent famine. It has been interesting to see how different categories have recovered at different rates. Food-to-go, sandwiches, etc., which are a large part of the business, have seen an 80% reduction in volume due to control of footfall. This has changed the shape of sales – some retailers have coped better and there have been winners and losers. Local shops, e.g. Co-op, have outperformed other retailers in terms of sales growth, as people are shopping more locally and staying away from major malls. The challenge is for businesses to change and shape their portfolios.

The business currently has several businesses in Leicester – meat processing and ready meals sites. These are under a high degree of scrutiny and the press seem to be focussing on food manufacturers as 'is this the epicentre of where these outbreaks have been'. There has been a need to continually manage this message.

As a group, the business aligned around government guidelines. As these have evolved, they have worked with PHE and HSE. There have been lots of site visits as they have developed process and systems in terms of social distancing in workplace. They used typical risk assessment processes and developed risk assessment tools which have been shared with PHE and HSE, and are currently getting shared across Leicester. The representative said that he was happy to share the tools and techniques which have held well so far.

One aspect that has not yet been covered in the discussion is the psychological impact on employees. Those who have been working from home have been presented with issues regarding managing teams remotely and distantly. But there are also issues due to people not coming onto site, and therefore not meeting people and interacting. Then there are issues regarding workers we want to come to work – those identified as essential keyworkers –how do you reassure these individuals and lead them through the process? Also issues managing a high level of anxiety when there was little understanding in the press, especially in the early days of the crisis.

It has also been interesting looking at demographics where the various sites situated and how this affects the workforce. E.g. the anxieties experienced at Cornwall sites differs to those of the Leicester sites.

<u>A representative from the Food Standards Agency</u>

As an observation, and maybe this group is an example of that, we are maybe getting a much better real-time, complete systems view of the food system. Many people spend their lives looking into a particular sector or business, so with this sort of group, among others, the interconnectivity of the food system is becoming clearer. Not only are people coming together and talking, but they are also sharing insights and data. Having to relax the competition law just to be able to do that and see this has been useful in itself.

The food system has, in general, responded well, but there are some weaknesses. But we are also seeing some strengths, e.g. new business models. Some businesses have been extremely agile, have pivoted and gone into a more digital offering, some less so. It is interesting to see those who can shift and those who have found it hard.

Other challenges the system has had to face e.g. dairy forcing inefficiencies and waste to be a by-product of what's going on. At the same time, people have become more efficient and we have seen a reduction in food waste. Some people have commented that their bit of the system is now more efficient than it was before.

There is a need to understand consumers, particularly vulnerable groups, and how they behave, what is making their behaviour change.

The FSA will also be taking forward the handwashing message into the future. They are actively looking to see if food-borne disease has dropped since the start of the Covid-19 crisis, just out of doing more handwashing, and investigate if we can see that as a positive benefit.

<u>A panel member</u>

Their group invested in multiple different businesses around the world. They have an overview of what is going on in 25 different businesses, all food and agri-related, but from production to consumer.

They can be categorised into those that can't operate at all, those that have challenges, those that are faring quite well, and those that are faring really well.

- The ones that can't operate at all are ones that have been caught out geographically. E.g. equipment stuck in one place needed in another, which is logistically impossible when borders are closed.
- Businesses that have been challenged but are coming through it, are principally producers. They have been affected by additional safety measures and in some cases absenteeism (workers just not wanting to come into work).
- The challenged businesses are the ones that supply principally capital equipment. Capital equipment is being deferred in some cases, but services are continuing as is, so services businesses ok.
- The businesses doing quite or really well are the online retailers some of whom have seen a threefold increase in activity since last year. Shopping service has seen a similar increase. The spike in activity has been due to people not wanting to go into supermarkets. People who were gradually drifting towards online retailing have gone there very fast, and not all of those will go back. There will be a lot of pressure placed on online retailers, as not all of them have managed to keep up with demand, and slots have not been available.

<u>A representative of the fishing industry</u>

This association has been chiefly concerned with primary production. The sector felt the initial impact of Covid-19 very much earlier than other sectors. Largely because a lot of fish that is caught in UK waters is exported, particularly shellfish, which is exported to Italy, France, Spain and the HoReCa market. As these countries locked down, the markets essentially disappeared and demand dropped substantially. Fish prices fell to 50% of normal prices, meaning operations were uneconomic. There were various schemes, and this body was involved in lobbying for a scheme from the government to help the fishing industry, particularly those who were having problems because their markets had dried up.

As other sectors, alternative markets were sought. For the fishing industry, one of the problems was that supermarkets closed their fish counters in early days, so the fish market for general retail disappeared, which left local suppliers or online retail.

There has been a considerable increase, as a result, in online retailing. There have been regulatory issues due to the fact it is sale of fresh fish (currently, if you run a small business, there is very little regulation, but if you start to expand beyond a certain point, there is a lot more regulation, and that is going to cause problems down the line). Some businesses have expanded by selling into their local market. Fishermen are getting better prices than they would in the auction market, which seems wonderful, but the problem is that there is not a constant supply of fish. As a long term solution, we need to encourage the consumer to develop a broader taste for fish caught in UK waters. The HoReCa market is minimal in the UK and as this is the high end value of the market, it will cause problems until it manages to open up more. The UK fish sector is dependent on export. There have been changes, people are reacting, but the durability is suspect. There are also limits on an individual's ability to expand their business. Small scale operators need someone who can push things, rather than just set them up.

A representative of the finance sector

This panel member's main role has been keeping the food industry liquid in terms of cash with a focus on understanding what was actually happening and what was happening across the chain. Food chains have been going into lockdown across the world at different times, and it is still happening. Understanding how food chains are affected, understanding the massive change in the shift of calories from out-of-home eating (estimated at 50 million meals a day) to in-home eating has been very challenging. For businesses that are delivering a lot of food, levels of fatigue have risen massively – and after the two peak weeks there were some that were close to running out of steam.

One thing that has been surprising is how much food that has gone into food banks in a so-called developed country.

Regarding supply chain resilience – some supply chains have not worked. We need to air that and we need to work out how they might start to look. We need to look at the permanent impacts of Covid-19 and think about how supply chains are able to become more resilient, if they are able to become more resilient. It is likely we will go through this type of thing again – so we need to learn how to be well prepared, what is needed, what keeps confidence. International supply chains have been more resilient – not perfect (not been on time), but have achieved quite a bit.

Going forward, how much of the change will be permanent and how much change will need to be rebuilt and restored?

Jack Ward, CEO British Growers

British Growers is a fresh produce industry. They have seen four main impacts of the Covid-19 crisis.

- Travel restrictions and the impact on the availability of seasonal labour – well-charted. Willingness or otherwise of UK workers to pick fresh produce.
- Loss of food service and wholesale markets. This has had a massive effect on the potato industry (chips eaten – out of home) and also lettuces (some of the big burger suppliers use lot of lettuce) as these markets have disappeared.
- Increase in demand. Veg and fruit suppliers saw demand go up by 20 to 30 % in some instances off the back of a wet and difficult winter.
- Additional costs incurred and how low margin business deal with that without impacting future capacity.

Andrew Kuyk – Provision Trade Federation

Represents dairy, meat and fish.

People are rightly looking forward in terms of the enduring impacts on business models, how we can diversify, and so on. But it would be interesting to look backwards, and to speculate – if the food industry had not managed to keep shelves full, particularly in the first 7-10 days, what would have happened? Not just in terms of shortage of supply and potential civil disorder – but queues and scrums of people would have quadrupled infection rate. We need to recognise the success of the food industry, for all its faults, as nevertheless, people continued to be fed and once stabilised, had access to a remarkable range of food of all types and all prices points.

Regarding the earlier comment that the crisis has led to a break from Brexit, we should not forget that 40+% of food that kept the shelves filled came from the EU unhindered and unfettered. There were no tariffs or port hold ups. If we hadn't had this 40%, or if there had been export restrictions placed by people wanting to meet their own needs first, the whole situation would have looked very different. Ministers, in particular, are taking false comfort from the fact that the food industry has proved its resilience through Covid-19 to think that this means it will be OK for Brexit too. It will not be if there is no satisfactory agreement. The whole reason the food kept coming was because there were no barriers to its arrival and the suppliers were very keen to service our market.

With or without an agreement with the EU, the availability of workers will be an issue. Many food sector keyworkers less well paid and less highly qualified in some areas than in others, and these are the people targeted by the new migration rules. The idea that, having come through Covid-19, the food industry will cope with whatever politics throws at it in terms of Brexit and trade deals is a very complacent assumption.

We need to look at rebuilding better, look at how we can build in more resilience, how we can learn lessons around the fragility of some business models, and so on. But let's not forget the '9 meals from anarchy' scenario – if the food industry had fallen over in the first week of lockdown, the world would look very different.

The FSA representative said that we need to see where the system nearly broke to ensure it does not happen next time.

VH - the issues for financially vulnerable and the lack of emergency capacity and expertise at local and national level are key issues identified by Sustain.

Aoife Martin (Seafish) flagged the looming issue of bad debt, particularly for SMEs who traditionally supplied into the food service sector.

5. Gaps in Expert Panel representation (MW)

If anyone has ideas as to who we might invite, please let us know. There are gaps when you look at the table but these may be slightly misleading as many people are cross-sectoral.

Especially any ideas for additional fruit and veg, and flour representation.

A real gap in representation is retail in terms of big supermarkets. Individuals approached have not yet responded positively and we may need to find other ways to get their input – big retailers may not be happy to participate in a forum like this, but may respond to us individually.

A panel member said that media industry representation (food clients) would be of value.

SP – Co-op?

JA – FareShare?

ML asked if anyone could introduce the product team to the Co-op. JP said she could via a Food Resilience Industry Forum contact, and RW will ask retail members at IFST.

VH suggested we could contact James Lowman of ACS re. smaller store sector.

6. Introducing the Website (SG)

Not covered. The website is available, and the link will be circulated. It does need to be populated, but if you want us to highlight anything form your organisation, anything you're doing, or items on your website, let us know.

7. Looking ahead (MW):

We would like to invite you to make suggestions for topics of future meetings. Today has been introductions and general conversation, but please send through ideas for future topics. Suggestions could be the individual sectors identified, packaging, labour supply, etc. Or suggestions of case studies we could present to you and how you think that might play out in the future.

Invitation to contribute to monthly bulletins – if anyone would like to contribute by submitting a talk piece, please do. If you would like to contribute a piece, but do not want to write it up, the project team would be happy to do a 10-15 minute phone call which we can then write it up and send it back to you.

8. Any other business

None. ML thanked everyone for their time and participation and bearing with the initial technology challenges.

The next meeting is scheduled to take place on 28th July 2020 from 11.00 to 12.30 – a calendar invite and Zoom link will follow.

Addendum

A representative from LEAF

A representative from LEAF joined the meeting by phone and was unable to participate. They subsequently sent through by email what they would have liked to say:

On the whole farmers have been able to demonstrate that they are in effect very resilient to such change of a pandemic in terms of impact to their business. There are some exceptions and the fresh produce sector has had challenges in meeting the demands and increases with very tight time scales and margins from the retailers, the egg sector has increased their sales dramatically and much of that has been around again the demand for home cooking with packaging being the limiting factor.

At cereals this year a poll highlighted that the biggest impact to their farm business has been the weather, floods and then a very dry spring with rotations and choices around that being changed dramatically over a very short timescale.

Food security needs to be addressed and framed on our excellent food safety standards, the avoidance of food fraud, self-sufficiency (especially in those crops and livestock that we have a long track record and capability to grow), stocks and most importantly, farmers capability to be grow efficiently, responsibly and productively. This is where the National Food Strategy, the Agricultural Bill and the Environmental Bill open up very real opportunities to rethink, reimagine and repurpose of food supply systems to enable, support and ensure that our farmers are recognised for delivering quality food with high environmental and welfare standards. Farmers need the capital, fair trade opportunities, the skills and knowledge, backed up by robust scientific research and practical management tools to continue to compete on a world platform. - there is some concern about the availability of inputs and I think this feeds into the food security piece food security is not just about self sufficiency.