COVID-19 & the Food Supply System
Seventh Expert Panel Meeting 15th February 2021
Meeting Notes

In attendance: James Bielby, Tim Brigstocke, Victoria Bywater, Steve Guilbert, Vicki Hird, Andrew Kuyk (Provision Trade Federation), Matt Lobley (Chair), Emma Tranter (notes), Dr Rachel Ward (IFST), Tim Wilkinson, Michael Winter, a representative from the fishing industry, a representative from the livestock auctioneer sector, a representative from a meat trade association, a representative from the finance sector and 7 other panel members

Apologies were received from 1 other panel member

1. Welcome and survey development update

MW welcomed everyone to the meeting and thanked them for attending.

TW reported that we had received 1110 responses to SW Farm Survey (analysis to start in the next month, or so) and that he was currently researching a sample (8000) for the follow-up food business survey.

MW said that the planned project one-to-one interviews would also be starting in the next couple of months.

2. Covid and the UK meat sector

i. Peak 1 – How and to what extent was the carcase balance crisis experienced differently across the beef, pork and sheep meat sectors and along those respective supply chains? How would you characterise industry and retail efforts to address the issue and to re-orientate markets?

The representative from a meat trade association (PM1) explained carcase balance: the sum of the parts is greater than the whole.
E.g. beef carcase, you realise a greater amount for the prime cuts than for the forequarter cuts, which are turned into mince.
There are varying markets for the varying cuts: in the main, steak and roasting joints generally go to the food service sector, and the mince and diced beef generally go into care homes, NHS, schools and supermarkets.
When lockdown happened there was little demand for steak cuts, but a greater demand for mince and diced beef.
The net result is an uPM3alanced carcase value and both the producer and the processor are not realising the money they thought they would on the animal.
Some started mincing and dicing e.g. rump to keep up with supermarket contracts, but were losing £s per kilo.
You need to balance out the value of the cuts vs what you're going to realise on them in order to realise the total value of the animal, plus the profit you want to make on it.

In Lockdown 1, intervention came in the form of the levy boards working together and establishing the Make it Steak campaign, alongside chefs showing how easy it is to cook steak at home.

Lockdown 1 had the benefit of good weather, so people were BBQing steaks at home. This has not been the case in Lockdowns 2 and 3, so there may be further issues of carcase unbalance.

Carcase imbalance is not exclusively a beef issue – lamb is a real problem as most people eat this out of home rather than in home. The situation isn't as severe as the carcase value of a lamb is less than that of a cow, and there's also massive demand for halal lamb in the UK.

Pig-wise, the UK is not self-sufficient in pork, so the issue was not as acute. In addition, because of the popularity of sausages at many different price points, high quality sausages can have a greater price per kg than a roasting leg of pork. Initially, the export markets were open and there was still demand for pork fat around the world.

The first mention of carcase imbalance was in relation to immediately pre-lockdown when there was a run on mince. This was due to panic buying.

PM1 said that the first impact was the impact of Covid in the UK, rather than problems with export markets, despite the shutdown in China. There were other markets for all red meats within Europe at the time.

Regarding the pig export markets, 38% of pig carcase is exported, principally going to China, with cold sales to Germany for processing into e.g. bratwurst another big market.

A representative from the finance sector (PM2) said that pig processors started to notice an impact on demand for product in mainland China even with the backdrop of African swine fever. They found it difficult to maintain the level of exports and there were some restrictions.

PM1 said that there were also import delays at Chinese ports due to staff unavailability, and this led to delays loading and unloading. In addition, comments made by the Chinese press that blamed Covid on food packaging became another issue in the mix.

AK said that the China issues are multi-faceted and as yet unresolved: shortage of containers, worries about Covid contamination on packaging, African swine fever. It is difficult to disentangle these different elements. In addition, Covid distorted normal consumption patterns and retail sales patterns so there were differential impacts across the sector.

PM1 noted the impact of when places like McDonalds reopened in August: this led to the UK running low on bacon as, despite imports, demand was outstripping supply.

There were different responses to the situation. In the retail sector, Asda and Sainsbury imported Polish mince, but faced huge backlash for doing so. There was a national feeling of being in this together and standing together with UK workers.

Various campaigns were launched to encourage people to cook their own 'restaurant experience' at home. Chefs and social media 'influencers' posted pictures of what they were cooking at home.

It is also important not to underestimate how good weather changes purchasing behaviour: chicken processors saw a huge increase in whole bird sales, but as spatchcocks.

Net result: sales went through the roof with double-digit growth in some categories. At the outset there was panic buying, but the industry became agile, made sites Covid secure, and restocked shelves by buying not just from primary suppliers. BRC accreditation meant that big processors could switch to secondary suppliers.

There were some hiccups with supermarkets not being able to buy from suppliers who had product.

Catering butchers moved quite quickly to click and collect and home delivery services and some moved to markets and farmers markets. This kept sales going, but didn't replace what sales had been lost. Whilst they may have had more sales, the order size was much smaller, and the margin not as good.

PM3 said that this was seen by a lot of marketing people as a middle-class thing, and the middle classes were driving this. At the working-class end of the spectrum, box sales took off, with working class families buying £120 boxes of meat, with cash, and eating it 7 days a week. Meat supermarkets, comprising abattoir, processing plant, bakery, were processing up to 60 carcases a week. The working-class consumer has always spent a greater proportion of their income on meat and the increase in sales is unlikely to disappear once the pandemic is over.

PM1 noted the various interventions (government, not EU-funded) especially for sheep meat, where there was private storage aid. At some point this meat will be sold back out into the market, in the first instance as lots into the NHS, and then manufacturing.

SG asked if there were labour shortages in relation to the proportion of EU workers in the sector.

PM1 said that most businesses have pretty stable workforces that they have invested in and who are now settled in the UK. Moving to the UK to work is a big family investment, so these workers are likely to turn up to work and do as they were told, following Covid secure rules. There was an issue with getting the guidance translated, and into which languages. In the main, workers who were able to work remained in work, those who were taken ill were ill in this country, got better and returned to work again. They didn't return home. There were some gaps, particularly regarding seasonal workers in the run up to Christmas, where there is a reliance on Eastern bloc seasonal workers. The main issue has been a shortage of staff, in general.

PM2 agreed that there is a staff shortage and that this workforce is particularly resilient. Initially there were a few anxious moments about how the workforce would come forward if they did have Covid, because they were desperate to work, but this was resolved through testing. There was a lot of effort put in by business owners and managers to help with e.g. translations. In addition, there was a rationalisation of SKUs within the meat industry: there were sausages, not 10 types of sausages, etc., and this simplified process will probably remain.

PM1 agreed with this and said that a model of limited SKUs (as demonstrated by supermarkets like Aldi and Lidl) was adopted by other larger supermarkets, who found it more cost efficient and easier to manage, and it's likely that this will be maintained.

ii. Summer/Early Autumn – To what extent was there a particular problem with CV-19 transmission at meat processing plants? To what extent did media coverage of the issue cause a problem for the sector?

A panel member (PM3) said that the vast majority of incidences of Covid were community-based, not plant-based. Plants had to make significant capital investment to mitigate these problems. There are 6494 food premises covered by either the FSA or a local authority, and fewer than 100 outbreaks (outbreak = 2 to 10 cases). Whilst outbreaks continue, they are being seen more in the further processing side rather than the abattoir side. The main issue with the outbreaks is how they are dealt with by the Incident Management Unit, which is headed up by Public Health. Depending on the unit, premises could be shut for any amount of time.

There are two main issues: the incidence, which is extremely low compared to perception, and also an anti-meat narrative.

Where an outbreak becomes an issue, it's a big issue, which is why there has been so much investment. A larger plant could be shut down for at least 2 weeks, which has produced some strange effects. In the pig industry, there has been an issue with backlogging pigs, and the average deadweight has gone up by 10%. An animal welfare implication has not yet materialised, but could have got close to doing so. In the pig industry, there are 4 large processors which kill 80% of pigs, so if 2 go down at the same time, there could be a backlog of 50,000 pigs a week, which is difficult to recoup. Some are now killing 6 days a week, which is all very well if the abattoir can do this, but if there's then an outbreak in the processing plant, there is no-one to process them.

Whilst the problem is numerically small, it has had a disproportionate effect on the industry when it has happened.

From Rachel Ward to Everyone: 03:43 PM
Agree with PM3 - there have been far greater numbers of incidents in workplaces outside the food sector than inside it. Inconsistencies in public health advice and management approaches hasn't been helpful. The new government initiative to offer free rapid COVID-19 testing to workplaces will be very helpful in supporting better prevention and management going forward.

PM1 said that media coverage didn't help by referring to cold, damp atmospheres with lots of stainless steel as the perfect environment for Covid to spread. Yet they didn't report on the number of outbreaks in bakeries, biscuit plants, etc., where there is hot, dry air.

SG asked about Lockdown 2, and if it was fair to say that it passed relatively impact free. Nobody disagreed.

SG said that from looking at the end of year reports, 2020 turned out to be a good year for a lot of people in the meat sector. Retail sales and farm gate prices have been up. Who didn't fare so well, though?

PM1 said that catering butchers who supply solely pubs, hotels and restaurants have got some sales through direct sales and ecommerce, but they have struggled and continue to do so. There has been little government support for them beyond the furlough scheme. Big retailers have got large amounts of money from government, but these catering butchers have received nothing. They run big warehouses/factories with high rates and high rent. They have had to keep operating to supply a small number of customers (one member went from 500 customers to 30 care home customers each week) and trading at a loss to supply them. Another customer with a £20 million turnover asked for support from their local authority, and was offered £2k. This could become a mental health issue for some of them. They are 3rd/4th generation family businesses. Their business is the family, and they're looking at losing their family business.

PM2 – this part of the sector is typically described as unique. There's no blueprint other than the supply of meat into the out-of-home trade. It is so bespoke that few have received government support and some are still finding life very tough.

From Vicki Hird, Sustain to Everyone: 03:49 PM
We have been extremely disturbed by the unequal support - huge contracts and support to the big multiples. I also wonder at the rise and rise of Deliveroo, and UberEats etc. where a huge chunk of the payment does not go to the rider or restaurant. Big change in supply which is not likely to go away. For low income communities we work with it is still very much an issue. But I'm not up to speed on Brexit delays etc. Not heard it’s impacting yet on communities we work with - more an issue for exporters I expect.

PM1 said that some of his members had applied for support. In England this was was distributed by the government to local authorities to give out on a discretionary basis. Whereas in Scotland and Wales, it was managed centrally by the governments through the EDF (Economic Development Fund). One member, who requested support as a wholesaler, was told he was a manufacturer, not a wholesaler, as he made his own sausages, and had his request for support denied. Many members wrote to their MP stating the position they were in. In one case, one wrote to their MP on 9th October 2020 and got a reply last week. Parliament don’t appear to be taking the issue seriously.

*iii.	Peak 2 – In the light of the impacts associated with Brexit, to what extent does CV-19 remain an issue for the meat sector? To what extent do the challenges associated with both CV-19 and Brexit have a common root cause in the need to balance the carcase?*

PM3 said that people are having to manage both at the same time. Covid is a moving feast, as until we get to the bottom of it there will be sporadic outbreaks within the industry. However, in January, Brexit overtook Covid as the main issue, due to problems with exports.

There are two main areas to consider: 1. the amount of time it takes to do the paperwork (3-4 hours to do export forms) – this can be streamlined with time, but plants need to get used to the huge paper trail. 2. The issue of time, as getting a barcode back from the agent in Calais can take up to 14 hours. At its worst, getting exports of pig meat from the UK to Germany was taking up to 5/6 days, and for a produce with a 10-day shelf life, this meant that processing plants did not have enough time to process and redistribute the produce. This is less of an issue now, but the amount of time taken is double what it used to be, but half of what it was initially taking in January.

PM2 said that Covid has not gone away, it’s just that there is now something more immediate. Paperwork and rules of origin detail remain a big issue.

A panel member (PM4) gave the example of his export paperwork for putting produce into Europe has gone from 7 to 44 steps. This goes up to 71 pages of paperwork per container if any of the product is organic. Rules of origin – not yet seen the end result. The complication of combining European and UK product for something that is then to be sold to a third country is likely to become impossible.

AK said that the Covid effect has gone away, up to a point. There is a consensus that this lockdown has been less damaging than earlier ones, partly because people have learned to adapt and have workarounds. But there will be some business models that have been knocked out of shape due to changed patterns of demand and consumptions, additional costs, etc.

The new normal is not yet clear regarding office occupation, sandwich bars, out of home eating, etc. This is a Covid legacy that we don’t know extent of. But this will be overlaid by other challenges to business models due to these new frictions in trade. At the moment, these are experienced largely in respect of exports. However, from 1st April, it is likely that there will be mirror image impacts in terms of imports due to changes in export health requirements, with full customs requirements from 1st July. In an industry where profit margins are typically 5% or less, added costs in the system due to either Covid legacy, or EU trading, will make some businesses unviable as they stand, or cause them to change their model to optimise in these new circumstances. This is still a moving target, and there will be changes over time, but there will be tipping points along the way. There may end up being a net shift towards imports, away from domestic production. This will also be influenced by whatever UK trade policy is in terms of deals with major agricultural exporters such as the US, Australia and NZ. If we give concessions on primary agriculture in return for getting access for our textiles, cars, pharmaceuticals, etc., the farming industry's competitive basis could be damaged by that.

In addition, looking ahead 2-5 years, the threat from cheaper imports, the impacts of Covid, and the frictional costs of trading with what was formerly our biggest trading partner adds up to series of transformational changes for the industry.

From PM1 to Everyone: 03:54 PM
We have published 2 papers: "Digitilisation of the Export Health Certification Process" and "A Technological & Sustainable Approach to Meat Inspection" Happy to send to the group

From Vicki Hird, Sustain to Everyone: 03:58 PM
Just for info ICYMI EFA inquiry into Brexit delays - https://www.sustainweb.org/news/feb21-efra-inquiry-brexit-delays/ .EFRA MP committee sorry.

RW said that regarding the impact of Covid, food manufacturing sites now know what they need to do, they're doing it well, and they are embedded in and managing it, as much as they can. Once an organisation knows what they need to do, they get on with it well.

Regarding Brexit, it's a moving feast and people don't know what they're going to be asked to do, or what the impacts will be as people work through it. One element to consider is backhauling. Whenever a wagon goes anywhere, there are huge environmental and cost efficiency reasons to never backhaul empty. The current paperwork situation with Brexit is making this impossible. There will therefore be an environmental impact, a cost impact, and potentially EU-based haulage companies may not wish to get stuck this side of Channel. Transportation design across frictionless borders, incorporating cold stores, haulage firms and distribution points, etc. has to be totally reorganised as it won't work the way it used to. Not being able to backhaul a load is severely impacting hauliers and the environment. There is also a Covid element to this, with restriction on who can and can't travel – if one of two drivers is sick, then neither can travel, there are isolation requirements, etc.

From Vicki Hird, Sustain to Everyone: 04:08 PM
Re. Brexit impacts in NY worth reading Shane Brennan tweets and blog if you have not already - https://www.coldchainfederation.org.uk/category/voice/the-cold-chain-blog/

3. Discussion of the open letter

A similar letter suggesting food rationing was sent in April 2020.

Highlight on page 1: During the first lockdown the Government actually made the situation worse by closing the hospitality sector (rather than re-orienting it at and for the community level), which cut consumers off from the source of about a quarter of their food
Did the government make things work by closing hospitability rather than reorientating it?

AK said that what really hurt people was the complete lack of notice, which was repeated in second and third lockdowns. The second lockdown was compounded by people having restocked, and therefore having to write off stock. Even if keeping hospitality open was not necessarily an option, the manner that the closure was done was the most damaging possible.
With more thought, some of the mitigations that industry started working out for itself, could have been better facilitated by government. There was scope for the government to have thought through the consequences rather than simply letting industry react in real time and cope as best they could.

PM1 commented on the length of the letter, and its purpose.

A panel member (PM5) said that the letter was written in relation to consumer availability of food, not the impact on the sector itself. And as consumer availability of food held up reasonably well, is it fair to criticise the government for having acted too swiftly.

Also, lots of what the government said during the initial phase of Covid was ignored. It was never said that people shouldn't go to work, but many people took it upon themselves not to go to work. It's quite difficult to tease out what was actually said and how people interpreted it.

VH said that it became clear in discussions around food availability for the most vulnerable that there weren't coherent processes, and it was left to the big retailers. This continued throughout 2020.

1st Highlight on page 2: Despite all this, the necessary preparations for food defence have not been set in place, undermining future UK food security. This must not continue to be the case.
Is food defence likely to be reflected in the National Food Strategy?

VH said that she thought there would be a lot on children's food health and obesity, and something on climate impacts. But use of 'food defence' may be a step too far.

From a panel member (PM6) to Everyone: 04:14 PM
Thanks for the heads up VH on NFS. I think from memory FSA focused on messages about preventing transmission of infection like AK said.

From Vicki Hird, Sustain to Everyone: 04:15 PM
Once the PM got Covid, and obesity issues gained higher attention, that did get some messages - but not coherent as far as I recall

2nd *Highlight on page 2: There was silence from Whitehall about how consumers might navigate the crisis, whether or when to stock up with food supplies, and which foods to choose to protect health. No relevant advice emerged from Public Health England (PHE), the Food Standards Agency (FSA) or the Department of Health & Social Care (DHSC), despite those bodies being responsible for protecting public health.*
Is this too harsh, or fair?

AK said that in the very early days, there was a lack of clear guidance about the safety of food. FSA needed to be pressed very hard to make statements about the safety of food and food packaging. However, in terms of public messaging, people want to be told something is safe, not that there is a low to minimal risk. It's a question of confidence. The government was desperate not to encourage people to do any extraordinary purchasing, so it was a deliberate policy of not trying to interfere with consumption patterns.

PM3 said that the biggest problem was mixed messages. Looking at the two main issues in processing and abattoir work of public health and animal welfare, at different levels, PHE, Defra, IMT, APHA and FSA covered different parts of it, and didn't really want to be challenged. In some instances, one of the agencies would go missing. Looking at closures, the IMT made it plain that animal welfare was not on their agenda. This frustrated Defra, as they pay FSA to protect animal welfare, and they went missing in action. It was frustrating from a processing point of view to be bounced between different agencies, with different objectives. In addition, for processors, each agency has a different level of access: there is currently direct access into the FSA, no access into PHE, good access into Defra, and APHA don't have an individual who will pick up a phone. Looking at this would be a good starting point for any review. Ministers have all the responsibility, but none of the control, which is not a great place to be, especially in a pandemic. This will be confused even further with the departure of PHE. What is needed is a critical look at how arm's length agencies can work in such a fundamentally different way.

From PM6 to Everyone: 04:19 PM
I think PM3's point on the PHE replacement is a fair one. Same people in a different location.

PM5 said that the government took the view that retailers were the trusted voices, rather than the government, for the general public. A 'don't panic' message from the government would have been a flashing red sign to the public to panic, but a message from the retailers saying 'we've got this covered' less so.

Implicit in all of this, is that it was seen as public health crisis, rather than a food crisis. The messages were about public health and keeping people safe more than keeping people fed, which was left to business.

3rd Highlight on page 2: In the first tough Covid-19 lockdown, the Government put almost total responsibility for feeding the nation onto the supermarkets.
Given the dominance of the supermarkets in the food chain, did the Government have any realistic alternatives to this?

JB said that the characterisation of the approach is correct – keeping the supermarket shelves stocked was number one priority. However, the definition of 'supermarket', whilst correct, wasn't helpful. People weren't going to work and were shopping more locally in smaller format stores and/or independent retailers.

Policy was to keep supermarket shelves stocked, and other contributing factors such as fewer SKUs being produced and staff absences, meant that there were challenges in the supply chain getting products into independent retail. But at the same time, sales went up, and the algorithm used to assign products to certain channels didn't recognise this uplift. This meant that there was a double hit – products were not available for sale as they weren't being produced, and there was also an uplift in the types of products being sold by these retailers, typically grocery products, that they wouldn't necessarily have previously sold at volume. These products weren't made available to them as the algorithm used to allocate products wasn't overwritten until about June 2020, at which point the uplift in sales was recognised, allowing more products to be supplied into these channels. This was at the point when the market was reopening anyway, and there was less need for it.

So, in summary, this is what happened, but there were unintended consequences for smaller stores who didn't have access to the products they needed at a time when they were having an extraordinary spike in sales. They were therefore unable to take advantage to the extent of which they might otherwise have been.

PM3 referred to the growth of uncontrolled food supplies via e.g. Facebook. Many platforms are now facilitating access to food that is potentially unregulated. There is pressure on the FSA to do something about this, but it's not certain how they should do something about it, as there are not enough staff to monitor even the registered and approved platforms.

1st Highlight on page 3: The Government's reliance on the large retailers in particular to maintain food supplies was a risky approach
How risky was the dependence on supermarkets?
2nd Highlight on page 3: The Government must now come to terms with the fact that there is very little capacity for extensive food stockpiles or warehousing in the UK's food system, as it is currently organised. The primary purpose of JIT logistics is to cut cost by not carrying stock.
Is this criticism of JiT capacity justified? Because it makes economic sense for supermarkets not to store themselves does this mean there is insufficient storage capacity elsewhere in the system? The extent of pre-Brexit storage might suggest otherwise.

PM5 said he thought this was more Brexit than Covid. Supply chains held up relatively well in Covid. JiT was stretched by big shifts in demand, but goods moved freely. We're now seeing the limits of ports and distribution systems with regard to the JiT and Brexit. Brexit is structural and permanent. Covid is a temporal disruption to the supply chain. And it's the structural change that is going to be the challenge. However, he agreed with the headline that, in general, food policy shouldn't be left to retailers.

VH said that it wasn't just the retailers who had been left to get on with it. It had also been left to 100,000s of food bank volunteers. This is a huge part of what supplied people over the last year, and before. It's a structural problem that has been made very acute during Covid, and this is not a very sustainable or equitable system.

MW asked for anyone who had any comments on the points not covered to get in touch with him.

4. AOB

MW thanked everyone for their contribution.

The next meeting will be held on Tuesday 13th April at 11.00.