



A PATHWAY TO RECOVERY

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## Mintel

**We are publishing below pertinent extracts of a recently published report, co-ordinated by Michael Bell, Executive Director of NIFDA.**

The report focuses on the challenges faced by the UK Food and Drink industry as a result of COVID 19 and recommends 'path to recovery' proposals for the industry and Government to consider.

In introducing the report, Michael Bell has commented *'COVID 19 has challenged the UK food and drink industry in a once-in-a-generation way; food manufacturers have been working harder than ever to ensure that the nation is fed – with companies having to adapt to an evolving situation at a rapid pace, responding to changes in demand and implementing social distancing measures. Within a short period of time firms have re-engineered and re-imagined processes, requiring a significant level of investment. Put simply, the industry has demonstrated both its ingenuity and necessity in these unprecedented times. Just as the Government has taken courageous decisions to address the challenge of the pandemic, we now need to deliver a 'pathway to recovery' for UK Food and Drink.'*

# REPORT EXTRACTS:

**COVID-19 has highlighted the economic, social and employment value of the UK food and drink manufacturing industry. It is a vital sector for all parts of the UK. The UK's food and drink Industry, from farm to fork, contributes £460 billion to the national economy. It directly employs more than 4 million people across the four nations, with value addition greater than £120 billion.**

We are recovering from the biggest supply chain challenge since WW2. We must try to keep prices to consumers low to help them through recession. Good affordability is a vital part of the balanced scorecard of health, economy, employment and environment. This can be assisted by expanding our exports (to help with Global Britain), substituting for imports (to increase our domestic food security and resilience), automating and up-skilling. To achieve this, our challenges are twofold, short-term and long-term.

# REPORT EXTRACTS:

In the short-term, we must try to protect capacity (e.g. farming, food and drink manufacturing and foodservice) and protect sustainability and resilience. The alternative will outsource more of our national food supply to others. We must not be under supported compared to other countries. In the long-term, a clear strategy to improve the sector-specific balance of trade will bring fiscal, health and environment benefits - according to the BBC, the UK's ability to feed itself has declined by 23 per cent from 65 per cent in 1988 to 50 per cent in 2017. More importantly, the fragility of the global 'eating ecosystem' has been highlighted, and declining robustness trends, driven by increasing volatility, must be rebalanced to improve security. This paper sets out a joint overview of Government and industry actions to build a 'path to recovery'.

COVID-19 has challenged the UK 'eating and drinking ecosystem' in a once in a generation way:

- In March 2020, the highest ever retail sales were delivered.
- Output was achieved with significant absenteeism.
- Every factory was radically re-engineered to comply with 'social distancing' policy.
- Workplace practices have been changed beyond recognition.
- Stock Keeping Unit (SKU) count has been dramatically streamlined.
- Consumer behaviour changed.

The hospitality and food service sectors are both a major customer and a vital "shop window" for showcasing UK food and drink to domestic consumers/visitors from across the world, as well as selling services and produce into export markets. The foodservice and hospitality part of the 'eating and drinking ecosystem' (some 50 million UK meals out of UK total of 192 million meals) is 'haemorrhaging' viability. That is having obvious "knock-on" consequences for business across the rest of the food and drink chain, including manufacturing and processing. The UK's 7,000 small and medium-sized food and drink manufacturing enterprises (SMEs) are particularly vulnerable in the middle of the 'eating and drinking ecosystem'. There is also little clarity on new trading arrangements due in seven months.

The Government has taken extraordinarily courageous and rapid decisions to address the COVID-19 challenge. Now, together, we need to design a 'path to recovery' that delivers:

- Balance of trade and resilience (employment and productivity) gains – sector-specific
- Move to healthier diets (nutrition, energy balance, portion size)
- Integrity gains (CO<sub>2</sub>, environment and animal welfare).

Achieving these shared goals will require new understanding and collaboration. It will deliver huge gains for society across the UK. Doing nothing invites success for our competitors.

A commonly used tool for crisis management is PIOSEE: Problem, Information, Options, Select, Execute, and Evaluate.

# SUMMARY - ACTIONS

- As we develop the 'path to recovery' and its three main society benefits, other issues will arise:
- We should seek to minimise waste, and industry should create initiatives to move stocks into Charity UK, or developing nations, before out of life, respecting the need to avoid dumping.
- Given the urgent need for a framework for UK food and agriculture, we look forward to strategy publication. UK has a deteriorating trade deficit of some £24 billion in food. Assuming 30 per cent of this could be produced efficiently in UK, a balance of trade benefit of up to £8 billion could be realisable, albeit on a sector-specific basis.
- The current challenges in dairy and beef sectors, however, highlight the fragility of the current 'eating and drinking ecosystem' to withstanding turbulence. There is a need for Government to support or lose capacity.
- We should consider investing in a 'UK Food and Drink' support organisation with a strongly devolved friendly structure. A more collaborative approach from Government to industry and especially between Government Departments will allow us to move faster. Scotland (Scotland Food & Drink), Wales (Food and Drink Wales) and the Republic of Ireland (Bord Bia) are models of success that demonstrate how Government and industry can collaborate to deliver export-led food and drink growth.

To see the full report: [nifda.co.uk](http://nifda.co.uk)

