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FROM: FIRST MINISTER AND DEPUTY FIRST MINISTER

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TO: EXECUTIVE

EXECUTIVE PAPER – FOOD SECURITY DURING COVID 19

1. Food security is a vital objective for the Executive during the Covid 19 crisis. It is a much bigger topic than self-sufficiency in production. In reality, food security is about the management of risk along the entire food chain, including the import of raw materials (such as animal feedstuffs), food processing, distribution and consumption, which are every bit as important as primary production considerations. It is a topic that encompasses food availability, access, affordability, safety, nutrition and quality, resilience and confidence.

2. The current objectives and risks which are discussed below have been developed in liaison with other relevant departments including DAERA, DfC, DfE and DfI which recognises the cross-cutting of this topic. The overall assessment of risk is **Red**. An additional level of risk arises from the fact that most of the risk ownership and management sits with private businesses, on which there is relatively little line of sight, and some of the key mitigations lie with Whitehall Departments. Accordingly, if effective measures are not in place, we will need to consider whether additional contingency plans are necessary over the coming days and weeks.

3. Ministers will also wish to be aware that Food Supply has been recognised as a key issue by the UK Government and was considered at the Public Sector Ministerial Implementation Group (GPSMIG) on 29 April. The initial focus was on international supply chains which will be relevant to our food security issues over coming months. There is good engagement with DEFRA to ensure our particular concerns are highlighted. Also relevant to food security in NI is the resolution of issues for hauliers. At UKG level, this is under discussion in the EBRIG Ministerial Group. It will therefore be important to keep our food security under review on an ongoing basis.

4. Our food supply is dependent on a number of routes. These include food which arrived into GB, food generated arrived into or generated in GB which arrives via sea routes into NI, and food which arrives here via Ireland. Any disruption in these routes will have some impact and all supply chains will therefore need to be kept under review. Annex A provides an overview of the supply routes for information.

Objectives

5. Food security is a key objective for the following reasons:

- Health and wellbeing of citizens, including the most vulnerable, to be able to access the food they need;
- Ensuring that Covid 19 health objectives are protected, through avoiding panic buying and avoiding breaches of social distancing;
- Protecting our ability to access sufficient quantity and diversity of food now and in the future, including a local supply base;
- Protecting essential supply lines, distribution and availability to avoid shortages;
- Ensuring the integrity of food safety and avoiding opportunities for criminality.
- Protecting the food system economy and the environment which will contribute to future economic recovery and prosperity.

Risks

6. There are four key risks at present and emerging to the above objectives:

(i) Financial pressures for the ferry operators and hauliers have the potential to significantly impact supply lines entering Northern Ireland (as well as the shipment of processed food to external markets). If capacity were to reduce further, it could reach a point where there would be a significant reduction in the choice of foods available as well as potential price increases. While we have a large agri-food base in our economy, it produces only a fairly limited range of products at a large scale (primarily meat and dairy) and nowhere near the full range of products, including fruit and vegetables, that NI consumers expect and require. The local supply base is also dependant on imports of grains and other materials to feed livestock, grow crops, etc. Logistics and connectivity are therefore essential. This is a **Red** risk although the Executive has agreed to a package to support ferry operators on critical routes. The total value of the support package is estimated to be between £10.6 and £16.6 million with the NI contribution being between £4.2 and £6.7m. Further work is being progressed to consider need to support hauliers to assure maintenance of critical supply. DfT are working on a potential financial intervention in the Road Haulage sector but this needs to be timely and supported by strong evidence. It must be clear that hauliers cannot access any other forms of Covid support (e.g. grants and loans) before bespoke assistance is given. It is worth noting that due to the size of the sector and the numbers of SMEs therein – there are approximately 2,000 licensed operators working for reward in Northern Ireland alone - any meaningful industry wide financial support is likely to come at a significant cost. There is recognition that there may be a more urgent requirement for targeted financial support for NI hauliers due to NI's geographical reliance on conveyance of critical goods (food and medicines) on GB-NI ferry routes across the Irish Sea and the impacts of empty running, which is making these journeys no longer economically viable. Work is underway with DfT and HMT. If a solution can be devised and approved, it is likely that the Executive would be asked to make a financial contribution.

(ii) As seen at the outset of the Covid 19 crisis, consumer behaviour can result in shortages on the shelves as they stockpile at home. This is not an indication of any fragility in the supply of products, but a temporary disruption to buying and storage norms (where actual consumption *per se* does not change). While earlier periods of panic buying were purely due to a perception of supply chain risk, where genuine supply issues to arise, these could result in a heightened level of public reaction. The mitigations for this will involve a clear and graduated communications plan along with an programme of behavioural interventions which could be put in place to avoid panic buying (although recent experience shows this is difficult to achieve in practice) and ensure that vulnerable people have access to food, in addition to strengthening the supply chain. The risk is currently **Amber,** but will move to **Red** quickly in the event that risks under (i) crystallise as issues and induce the consumer behaviours that make the problem much more significant.

(iii) The ability of food processors to operate in the crisis is hugely important, but is more about maintaining the flow of produce off-farm than securing the supply of food for local consumers. The majority of processed food supplies from Northern Ireland factories are destined for markets outside of NI and, arguably, if processing capacity were to be restricted, sales to Northern Ireland could be prioritised over sales elsewhere, thus preserving local food supplies. However, that would still leave a substantial problem in terms of perishable produce (such as raw milk) and animals (particularly pigs and poultry) being backlogged on farms. Animal welfare and environmental problems, coupled with severe financial distress would quickly ensue. We need to focus on ensuring the processing sector remains viable. Given that these issues are common to all meat processors we need to understand whether UK Government will take any action. Any Executive support will need to ensure there are no sudden changes that impact consumer confidence, processors or farmers, and that the sector as a whole is in a better position to respond to any medium or long term challenges. This is currently an **Amber** risk.

(iv) There are emerging financial pressures on local primary producers, especially in the milk and beef sectors (and also in ornamental horticulture), which could have a longer-term impact on the NI supply line. We are currently at an early stage in terms of impacts, which are emerging in the form of price drops for commodities. This will, however, exacerbate pre-existing issues in terms of falls in farm income over the past two years, and indications at this point are that it will take a considerable period for markets to recover (i.e. beyond this calendar year). This is currently a **Red** risk and work is underway to develop market intervention proposals for primary producers.

Mitigations

7. The Executive's action plan contains priorities and actions to mitigate risks. These are:

   1.9: Ensuring continued food supply for NI consumers.

   1.7: Ensure the continued supply and production of essential food and feed, to and from farms, as well as the supply of essential drinking water, waste water and water services.

   2.3: Maintain supplies of essential items and related supply chains – protect the health outcomes by ensuring essential goods are available.

   3.2: Ensure good environmental, food safety and animal welfare standards

Key Activities

8. Key activities to support the Executive's strategy are interlinked and are outlined below. (The key activities undertaken by Departments will continue unless the lead Department indicates the need for changes).

   (i) Consumer Behaviour

   This will be primarily addressed through an effective communications plan, informed by behavioural science. Communications are the responsibility of TEO and EIS, but more work needs to be done to create a strategy for dealing with the problems which could occur in the event of any discontinuity of food supply.

   Understanding food supply from the consumer's perspective is vital. Behaviours, which are not necessarily rational, can be driven by a variety of factors including social media, availability of preferred items in the shops and on shelves, knowledge of the risks to supply chains, and lack of information about supply. It is therefore essential to have close and ongoing liaison with the larger food retailers for early signs and warnings of any significant supply issues which, if not managed effectively through early intervention, could lead to negative consumer behaviours, thereby creating a cycle of problems. We need a clear plan and escalation policy if for any reason things were to go wrong. This is cross cutting and will involve TEO, DfE, DoJ and DAERA.

DAERA have been in constant communication with the supermarkets and have used this qualitative information to inform discussions to date, particularly in relation to risks around ferries and hauliers. We have also sought supply information from Defra and are now working on a dashboard which will present supermarket assessments of supply over the coming weeks and months. We will also seek to bring in food wholesalers and distributors to complete the picture. This will not be an exact science, but will provide early warnings. In the medium to long term, we will seek to find ways to join up real time information about food supply chains.

(ii) Vulnerable People

DfC are working to ensure that shielded and other vulnerable people have access to food supplies. There are three elements to the food programme:

- food boxes for those in critical need of food;
- volunteers to deliver food to those shielding; and
- priority online shopping slots.

Through Councils food boxes are being distributed to those who have a critical need for food, and no way of accessing food through family, friends or other networks. A total of 47,005 food boxes have been delivered across the region to date.

Those in the shielding group who have the financial means to purchase their own food are being provided with contact details for local small retailers who provide a delivery service in their area. Additionally, an arrangement has been put in place whereby Local Council Hubs can connect people in the shielding group with an appropriate community or voluntary organisation to either collect their shopping or do it for them. Several retailers including Asda and M&S and, in the next week, Sainsbury's have put in place Volunteer shopping cards which avoid the need for Cash or Credit Card details to change hands.

In terms of the priority online shopping slots, DfC are working with colleagues in DoH and the HSBC and the four main retailers (Asda, Tesco, Sainsbury's and Iceland) to put in place a system of priority online delivery slots for those in the shielding group. Once the appropriate data sharing and data security arrangements are in place between DfC, HSBC and the retailers, people in the shielding group will be able to register online. These details will be validated by the HSBC before being shared securely by DfC with the retailers. This process is complicated by the fact that the shielding data had to be collected from individual GPs.

(iii) Freight, Ferries and Supply Chains

In respect of supply lines, the Executive is aware of the problems for the ferries and hauliers and of the work in hand with DFT and HMT to secure support.

The Executive has agreed to contribute to a DfT package of support for ferry operators. The support package is for the 3 main ferry companies and facilitates the 5 major Irish Sea routes. However, this is time limited support (currently 8 weeks) and therefore there is a risk that further support would be needed beyond this if demand does not increase within that 8 week period. The package offers support to ferry companies only when their crossing does not 'break even', with the support package picking up the deficit.

Support for the ferries only solves part of the problem as the viability of hauliers and ferries are closely intertwined. The lack of demand due to the Covid-19 crisis may cause SME hauliers to fail, if they are not given government support. Officials are currently collating information to understand the scale of impact this might have on Northern Ireland (who we already know tend to rely more on SME hauliers than GB). There are two significant risks posed by the failure of the hauliers. Primarily, a failure in the supply of key goods to NI and failure of the export of some of our necessary goods such as agricultural and bio-waste products, potentially causing public health concerns. Department for Transport officials suggest that a UK wide hauliers package may be months away but early assumptions suggest that there may need to be an NI intervention before this. DfI, DfE and DAERA officials are currently working on an evidence base to understand if an NI specific solution is necessary and what its scale might be, in line with the above.

(iv) Food Processing

It is crucial to keep the processing capacity in place and current feedback reports that this is being maintained. Food processors can, via DfE, access support through the Covid Business Interruption Loan Scheme (CBILS) and the Coronavirus Large Business Interruption Loan Scheme (CLBILS). Official level engagement with stakeholders has sought to clarify where further interventions may be required and why existing levels of support are not suitable. There appear to be particular problems within the red meat sector arising from the loss of the food service market, resulting in demand for the high value part of the carcase largely disappearing and that for the lower value cuts (primarily food retail) remaining firm.

(v) Primary Producers

It is also vital to ensure that there is sufficient and ongoing supplies to farms of essentials including animal feed, seeds and chemicals for this year's growing season, sufficient available labour, and that produce can reach the market. In most respects, this is in hand, but we will need to look closely at any emerging problems as a result of disruption to shipping and international supply chains.

Primary producers are already experiencing the early effects of potentially severe and prolonged reductions in agricultural commodity prices, which will impact directly on farm incomes and the sustainability of the sector. Unlike other sectors of the economy, production processes cannot be halted or scaled back temporarily, and farmers will, therefore, not have the opportunity to take action to avoid the price reductions and losses that now seem inevitable. These are being driven by international market imbalances and are unlikely to correct themselves soon. Existing measures being put in place by government, such as the Self Employed Income Support Scheme, are designed to mitigate the effect of lost income (i.e. profit), but cannot address the impact of losses on production activities – activities that cannot be halted. Therefore, additional measures will be required, and will be necessary over a protracted period. DAERA is developing suitable proposals to address this need, targeting support where needed, taking account of existing government provision and keeping within the confines of State Aid rules.

Recommendation

9. The Executive is asked to:

(i) note the issues;
(ii) discuss whether a lead Department should be assigned to food security, on the clear understanding that other Departments have strategic and tactical roles to undertake to support food security. (The key activities undertaken by Departments will continue – see paragraph 8 – unless the lead Department indicates the need for changes);
(iii) note that a data approach will be developed to provide the Executive with early warnings of real world impacts on all supply routes relevant to NI food security and that alongside the production of a dashboard, further research will be undertaken on the food supply routes on which we rely; and
(iv) agree the importance of public information to avoid - manage real world impacts.

FIRST MINISTER **DEPUTY FIRST MINISTER**

ANNEX A

The information below describes food supply routes on which we rely. Further research will be undertaken.

Products that Rely on Transportation from GB (Final Goods)

Research produced by the Department for the Economy Study demonstrates that the reliance of the NI consumer on external markets is very high. GB is by far NI's largest source for the routing of all retail goods, including acting as the main route for the transportation of goods that come from other parts of the EU and Rest of the World. NI is completely dependent upon an integrated land and sea mode of transportation since, for example, Air Freight is only 0.1% of Port Freight in NI. **Aside from some small exceptions, around some fresh food items such as meat, fish and bakery goods produced locally, there is almost complete reliance on sourcing critical final products, such as food and pharmaceuticals, from GB, which in turn makes haulage across the Irish Sea routes vital for the maintaining the supply routes for those goods.** A full breakdown is enclosed below (Full Report):

Figure 1: Estimates of Consumer Products, including Critical Goods, and Sourced From or through GB

		Retail Value (£Mn)	Volume (Mn Units)	Proportion of goods sourced from GB or transported through GB into NI
	Clothing & Footwear	£1,450.30	213.3	Very High
	DIY & Gardening	£295.60	41.3	High
	Electricals	£545.40	6	Very High
	Homewares	£359.80	72.1	Very High
	Health & Beauty	£578.30	130.2	Very High
Food and Grocery	**Bakery**	£114.30	132.6	Medium - Low
	Dairy Products	£264.50	228.5	Medium
	Fruit & Veg	£481.10	749.6	High
	Meat and Fish	£607.80	202.6	Medium - Low
	Oils and Fat	£44.90	33	Very High
	Pet Food	£47.40	19.7	Very High
	Sugar & Sweet	£266.80	232.6	Very High
	Cupboard Goods	£214.00	155	High
	Soft Drinks	£221.10	259.3	Medium
	Hot Drinks	£58.10	25.4	High
	Beer and Cider	£315.20	78.8	High
	Wine	£157.60	19.7	Very High
	Spirits	£102.10	6.8	Very High
	Household Products	£93.70	62.9	Very High
	Tobacco	£337.10	115.3	Very High
	Total Food and Grocery	£3,325.80	2,321.90	

Books, News & Stationery	£304.80	206.9	Very High
Entertainment	£107.80	10	Very High
Furniture & Floorcoverings	£358.30	3.3	High
Pet Supplies	£51.00	3.4	High
Jewellery	£98.10	4.2	Very High
Sports Equipment	£99.50	4.1	Very High
Toys	£129.50	10.1	Very High
Baby Equipment	£32.90	3.6	Very High
Optical	£59.40	0.8	Very High
Other Retail	£417.60	8.5	Very High
Motor Vehicles	£921.00	0.1	Very High
Pharmaceuticals	£42.00	436.3	Very High

Products that Rely on Transportation from GB (Intermediate Goods)

Finished Goods are only one part of the equation and around half of the overall business expenditure on products relates to Intermediate Goods. Concentrating on those aspect of business expenditure on Intermediate Consumption which might involve the transportation of products (so ignoring Services, Energy Water and Waste), around half of intermediate consumption relates to what would be broadly recognised as Intermediate Goods & Products.

In terms of expenditure on the Intermediate Consumption Goods and Products purchased from GB previous DfE Research work suggests that the following Product Groups account for over 95% of Intermediate Consumption of Products purchased from GB by NI Businesses.

Figure 2: Main Intermediate Consumption Products purchased from GB

Product Label	Cumulative %
petrochemicals (Part of Chemicals and chemical products)	18%
basic iron and steel	30%
machinery and equipment n.e.c.	40%
plastic products	49%
fabricated metal products, except machinery and equipment	56%
motor vehicles, trailers and semi-trailers	61%
preserved meat and meat products	66%
rubber products	70%
wood and of products of wood and cork, except furniture; articles of straw and plaiting materials	73%
products of agriculture, hunting and related services	76%
wearing apparel	79%
paper and paper products	82%
electrical equipment	84%
other basic metals and casting	86%
other food products	88%
grain mill products, starches and starch products	89%

textiles	91%
computer, electronic and optical products	92%
other non-metallic mineral products	93%
other mining and quarrying products	94%
cement, lime, plaster and articles of concrete, cement and plaster	95%
alcoholic beverages	96%
processed and preserved fruit and vegetables	96%

Food that relies on transportation from or through Ireland

We will carry out further targeted research into the Import process and food categories which arrive here via Ireland. In particular;

- Imports originated from Ireland to NI
- Imports from GB via Ireland to NI
- Imports from EU via Ireland to NI
- Imports from other world via Ireland to NI

The understanding and continued flow of food transport to NI from Ireland is critical to food supply. Such goods may represent an input into another product or play an important part in keeping supermarket shelves stocked with fresh or chilled products.

Retail Food imports to NI from GB via Ireland

The following information is related to the period 2019 (DAERA Retailers Research)

Company	Lorries per day from ROI via GB
TESCO	3
ASDA	0
Sainsbury	0
LIDL	10
M&S	0
Iceland	4

Estimated use of Dublin port for processor sales

The following information was contained in a NISRA report dated 15th April 2020 (Overview of Northern Ireland Trade 15th April 2020 (data from 2019)

- '***Food and Live Animals***; was worth 37% (£874m) of total NI imports from Ireland. Within this the dominant product divisions were 'Meat and Meat Preparations' (33% or £288m) and 'Cereals & cereal preparations' (19% or

£163m), which together accounted for 52% of 'Food and Live Animals' imports from Ireland.