**Recommendations of the Short-life Food Security and Supply Taskforce**

1. This report describes the conclusions of the Short-life Food Security and Supply Taskforce, which was set up by the Scottish Government together with industry in the context of the current situation in Ukraine, on 17 March 2022.

**Background**

2. The Scottish Government announced, on [17 March 2022](https://www.gov.scot/news/addressing-food-security-and-supply/#:~:text=%E2%80%9CWe%20need%20to%20take%20action,the%20cost%20of%20food%20products.), that it had set up a Food Security and Supply Taskforce, jointly with industry, to monitor, identify and respond, principally, to any potential disruption to food security and supply resulting from the impact of Russia’s unprovoked invasion of Ukraine. A purpose of the Taskforce was to recommend any short, medium and longer-term actions that might be taken to mitigate impacts, resolve supply issues and strengthen food security and supply in Scotland.

3. The Scottish Government and industry are obviously very concerned about the impacts of the terrible situation in Ukraine and another key part of the Taskforce’s remit was to consider how the industry could support and provide employment opportunities, for example, to people arriving from Ukraine.

4. The full remit of the Taskforce was described in its [Terms of Reference](https://www.gov.scot/publications/short-life-food-security-and-supply-taskforce-terms-of-reference/).

5. The Taskforce is co-chaired by the Cabinet Secretary for Rural Affairs and Islands, Mairi Gougeon MSP, and the Chief Executive of Scotland Food and Drink, James Withers. It also includes key food and drink industry leaders, drawing on technical and scientific knowledge and expertise from across a range of sectors, agencies and organisations.

**Context and parameters of this report**

6. While the primary focus of this report is on the impacts on the food and drink supply chain, as a result of the current situation in Ukraine, it reflects also on pre-existing issues and wider considerations, like overall food security. This is because the Taskforce recognised that there are a number of issues currently affecting the food and drink sector and are widespread across it. This includes impacts on the sector linked to EU-Exit, the COVID-19 pandemic and the cumulative effects of rising costs. The Taskforce recognised that many of the levers, to help address some of those issues, rest with the UK Government.

7. It should be noted too that some of the issues are outside the scope of the short-life Taskforce. Those pre-existing issues will undoubtedly, however, have been exacerbated by the Ukraine situation and so the Taskforce recognised that it is not possible to separate them fully from any assessment of the impacts of the Ukraine situation on supply chains.

8. The relevant recommendations in this report are intended to complement and/or build on activity already underway to address those wider issues and to pave the way for any future work (including on overall food security) that may follow.

**Overview**

9. Ukraine is a major producer of cereals (wheat, barley and maize) and oilseeds/vegetable oil (mainly sunflower). The UK imports relatively small amounts of wheat and barley from Ukraine – its biggest import is maize (approximately 30% of the total amount of maize that the UK imports) and the majority of that is used in animal feed. The impact of energy price rises, however, particularly on fertiliser production, is a pressure that is adding to price inflation on food production, alongside, for example, fuel, transport, labour and materials. While many growers will already have in stock, or, on order, sufficient fertiliser for 2022, continued disruption to supply or manufacture could have a significant impact for crop year 2023. In addition, impacts on imports and exports of fish, as a result of sanctions and supply chain barriers, have also impacted on the economic resilience and therefore food security in the seafood sector.

10. The Taskforce was set up as part of work to monitor issues like these closely, largely arising from the war in Ukraine. As mentioned already at paragraph 8 above, the outputs from it also pave the way for future work around wider food security concerns, which is essential to critical national infrastructure, to be undertaken. Clearly, the short life nature of this taskforce meant that identifying immediate issues arising from the war in Ukraine has been its focus.

11. The full report of the Taskforce is included at the attached **Annex**.

 **ANNEX**

**Report of the Short Life Food Security and Supply Taskforce**

1. The Taskforce initially focused on and reviewed existing work already underway to describe how the supply chain works, and to include vulnerability assessments. Building on this, the Taskforce agreed a series of recommendations to strengthen overall food security in Scotland. It identified three relevant themes whererecommendations could support progress: ***business and supply chain support, future national food security structures*** *and* ***reserved issues to be raised with the UK Government***.

*Theme 1 – Business and supply chain support*

2. The Taskforce recognised that the range and magnitude of issues affecting the food and drink sector (not just arising because of the current conflict in Ukraine) are significant and widespread across it. It also recognised that there was a likelihood of continued turbulence, including links to climate change, and other possible impacts on the sector during this period of global uncertainty. This makes it all the more important that Government and industry work together, as they have through this Taskforce, to use all of the levers available to support the sector.

3. A key concern of industry, highlighted to the Taskforce, was that short-term cash-flow issues could hamper future choices made by individual businesses that could, otherwise, help the sector. Businesses could cut back on planned investment, (on automation for example) or farmers could consider it too expensive to grow crops.

4. The Taskforce acknowledged that the Scottish Government is already taking action to support improved cash flow. In March, it set out the Payments Strategy for 2022, which is aiming to ensure farmers, and crofters are paid as early as possible. The Scottish Government remains committed to delivering over 70% of payments by the end of December and over 95.24% of payments by the end of June 2023. This will provide financial security to all farmers and crofters. However, the option of earlier payments to farmers should be explored to ease cash flow concerns.

5. The Taskforce also acknowledged that local knowledge is key to identifying risks to the sector. It considered that the sector’s resilience could be strengthened further through access to supports, perhaps harnessed through a landing page or gateway, linking with existing business support platforms, similar to that produced in preparation for EU-Exit. Some of the information collated there could, for example, highlight best practice and help the sector to assess business productivity and implement immediate cash flow and/or cost saving measures.

6. The Farm Advisory Service, for example, provides specialist one-to-one advice for farm businesses. This can include specialist advice on resilience planning. It also hosts a series of regular events that provide advice on a range of relevant topics including livestock, crops and soils, environment and business finance. It is part of the Scottish Rural Development Programme, which is funded by the Scottish Government, providing information and resources aimed at increasing the profitability and sustainability of farms and crofts.

7. The Taskforce also considered specific issues including further detailed consideration of the retail and foodservice supply chain and the need to ensure that, against a backdrop of unprecedented cost rises, that domestic primary production and manufacturing remains viable and appropriate returns are passed fairly through the supply chain to help the survival of the whole sector.

8. The Taskforce noted the efforts being made by retailers to keep prices as low as possible for shoppers during a cost of living crisis, however, there is a growing concern about the viability of the food supply chain in Scotland and our future production capacity. The consumer interest, the economy and the retail sector all depend on a vibrant supply chain and so the Taskforce would encourage retailers to continue to ensure they get the right balance in supporting suppliers and protecting consumers as far as possible from increasing prices.

9. Also, the UK Government took "fair dealing" powers, in their Agriculture Act 2020, to regulate supply chains for agricultural products. So far, proposals have been brought forward in relation to using those powers in the dairy sector. The UK Department for Environment, Food and Rural Affairs, DEFRA, has also indicated an intention to publish a pig supply chain consultation.

**10. The recommendations of the Group under this theme were shorter-term in focus. These were that:**

* **A single digital gateway should be created (building on existing business support platforms) to include available supports specific to the food and drink sector. This could encourage, for example, a greater use by business of farm, sea, food and drink business review teams like Scottish Manufacturing Advisory Service, Farm Advisory Service and the enterprise agencies. This, in turn, could help support businesses to manage volatility and risk and to make efficiencies and build their resilience to supply chain changes.**
* **Industry leaders also plan to encourage businesses, within their membership, to think even more about their business models, costs/think about the market, consider their resilience and to direct them to the single digital gateway.**
* **While recognising that pricing agreements between retailers and producers are commercially sensitive, and that the Scottish Government cannot intervene, the Scottish Government and Food Standards Scotland will seek to open engagement with the Groceries Code Adjudicator, in the first instance, and the Competition and Markets Authority. The intention would be to ask them what scope they have to seek assurance and assess whether current behaviours in the food supply chain are working in the long-term interests of consumer choice, food security and retailers. Such a review would provide important assurance to consumers and industry alike.**
* **To encourage the UK Government also to look at how the "fair dealing" powers in their Agriculture Act 2020 powers, and which the Scottish Government supports, might be used more broadly to ensure fair treatment of agricultural producers.**
* **That the Scottish Government and industry would continue to work together to support the sector recognising the ongoing global turbulence. Consideration will be given to the Taskforce meeting perhaps two more times this year, in a monitoring capacity. This would be to test in more detail – as necessary – issues that arise and also to monitor the delivery of agreed recommendations.**

*Theme 2 – Future national food security structures*

11. Taskforce members agreed that the early establishment and mobilisation of the Short-life Food Security and Supply Taskforce had demonstrated a rapid response by the Scottish Government and industry to concerns over supply chain issues in the immediate wake of the Ukraine situation. It recognised too that Food Standards Scotland had also demonstrated a quick response, for example, to make the changes needed to labelling, to reflect the use of substitutes to sunflower oil in some products.

12. While immediate supplies of food and animal feed are secure, even if prices are rising sharply, it is also clear that food security will become a growing global theme over the next decade. Ukraine represents the current food security threat, but in the context of global population growth and a climate emergency, strengthening overall food security and supply chain resilience should become a priority for nations.

13. The Taskforce considered carefully, under this theme, that there was a need for an ongoing monitoring of risk or threats to the supply chain to help mitigate future shocks and impacts and to ensure food security. While it is not possible to predict all impacts, enhanced monitoring could, in turn, enable the development of greater long-term insight into global supply chain performance, concerns and availability to improve responsiveness to potential crises. Given the volatility of the situation in Ukraine and the recognition that food supply issues can deteriorate quickly, such monitoring can allow for a rapid response, and inform any potential industry or Scottish Government intervention, to ensure food supply chains continue to function.

14. The Taskforce also considered that there was scope to enhance alignment with key partner businesses and countries, where possible.

**15. The recommendations of the Taskforce, under this theme, were both short and longer-term, and were:**

* **The creation of a dedicated Food Security Unit within the Scottish Government.**
* **This would have a critical task in overseeing the recommendations of the taskforce. It would manage ongoing monitoring of supply chain vulnerabilities, including infrastructure, (e.g. a dedicated food security function), and linking with future food security work, as a legacy of the Taskforce. This function could be managed within Government and would mean that Government and industry would be on the front foot and able to react as quickly as possible to any future shocks, as these arise.**
* **Scottish Government will also seek to engage with the UK Government, the EU and other international food security structures, including European Food Security Crisis Preparedness and Response Mechanism (EFSCM).**

16. Under this theme, the Taskforce also considered how legislation and policy affecting food production and practice is assessed. It noted that safeguards for agricultural production already exist in planning law and through assessments of the impact on agricultural production of new forestry planting. Legislation and policy development is subject to existing impact assessments including the Business and Regulatory Impact Assessment which specifically looks at the impact on businesses, including those involved in food production. There is also a real balance needed to be struck and the Scottish Government has previously signalled its commitment to support farmers and crofters to produce more of our food, more sustainably, while continuing to acknowledge the need for change and to make sure that agriculture continues to play its part in cutting emissions, mitigating climate change and restoring and enhancing nature and biodiversity.

17. The Taskforce also recognised that this issue is arguably broader than its Terms of Reference, but that future food security work in Scotland would become a key mechanism to inform future policy making decisions on agri-food, including land use.

**18. The recommendation of the Taskforce, on this point, was longer-term in focus:**

* **While more consideration could be given to how policy and legislation, affecting food production and practice are assessed, this should be explored in the context of future food security work.**

*Theme 3 – Highlighting reserved issues to the UK Government*

19. Under this theme, the Taskforce considered that there were a number of critical issues that would continue to require action to be taken by the UK Government because it holds many of the levers. This includes, in particular, measures to address the rising costs and energy price increases. Alongside, fuel, transport, labour, materials, energy is another inflationary pressure, but one with the potential to impact significantly if the costs increase significantly.

20. Another critical issue under this theme was the need for the UK Government to address immigration rules in relation to particular key sector labour and skills shortages. From a Scotland specific perspective, Scotland Food and Drink reported, in January 2022, that Scotland’s food manufacturing industries have a shortfall of at least 10,000 workers. Additionally, while reported at a UK geography level, a House of Commons [piece](https://committees.parliament.uk/publications/9580/documents/162177/default/) published late March 2022 and a [referenced report](https://www.nfuonline.com/archive?treeid=152097) (commissioned by industry and completed by Grant Thornton UK LLP) shared an estimate of the UK food and drink sector having potentially in excess of 500,000 job vacancies – equivalent to a 12.5%, which it described as a “chronic” labour shortage. The same publications provide some more specific sector (i.e. crop picking/harvesting, meat production and processing, logistics, etc.) estimates.

21. There was a series of further considerations by the Taskforce under this theme but these were considered to be outside the scope of the Taskforce.

**22. The recommendations of the Taskforce, under this theme, were short-term but with a longer-term focus, and were:**

* **That the Scottish Government should write further to the UK Government to press it again to consider a range of critical issues to support the sector. These include (while not an exhaustive list) writing to the UK Government to ask it to:**
	+ **address critical infrastructure issues, CO2 and fertiliser, for example;**
	+ **make emergency changes to the UK immigration system to combat acute post-Brexit skills shortages exacerbated by the pandemic;**
	+ **address our calls for further action on the soaring price of fuel and energy; and to**
	+ **use the most effective tax levers to help alleviate the increased burden households are facing.**

23. The Taskforce discussed a range of other matters linked to supply chains and overall food security. It agreed that these were not within scope as these were **a)**legacy issues (and so broader than the Taskforce’s Terms of Reference) **b)** already in handor being addressed elsewhere or **c)** would not lead to any new benefits.

**Support for the people of Ukraine**

24. The Taskforce shares the shock and disbelief expressed by many over the situation in Ukraine and recognises the impact the ongoing conflict is having including on Ukraine’s food security and that of many of the countries in the Middle East and North Africa reliant on Ukraine for their own food security.

25. If the conflict does not stop, Ukraine’s 2022/23 agricultural production and beyond could be cut significantly due to labour, input and machinery supply disruptions. The proposed future meetings of the Taskforce, and wider work on food security would provide a mechanism to monitor this actively.

26. A purpose of the Taskforce was for it to explore how to support humanitarian aid efforts to Ukraine in the short, medium and long term. It was also to consider how the industry could provide employment opportunities to those arriving from Ukraine. In doing so, the Taskforce was keen to be in step with established support efforts. An initial meeting, took place on 17 June, with local authorities, relevant Scottish Government and Department for Work and Pensions colleagues to look at opportunities to offer work in the seafood sector.

27. The Taskforce recognised that the Scottish Government has given £4 Million to provide relief, including food, as well as over £3 Million of medical supplies and equipment, to those affected by the war in Ukraine. It has emphasised in its communications, donating funds to the Disasters Emergency Committee (DEC) Appeal or another reputable charity is quicker to deliver than collecting donations in-kind. The Taskforce also recognised Scottish Ministers have written to the UK Government to ask how it intends to co-ordinate further efforts, including with the EU, and offering support. While planting will already be underway for the season ahead in Ukraine, Government and industry will continue to evaluate what more can be contributed and to support the UK Government in its efforts to help our near neighbours. In particular, the Scottish agriculture industry - already connected to its Ukrainian counterparts - will consider how it can support Ukraine’s agri-food supply chains in the expectation of a future, national rebuilding programme.

**Conclusion**

**28. The Short-life Food Security and Supply Taskforce has arrived at a set of recommendations that cover three key themes where *it considers its* recommendations can support progress: *business and supply chain support, future national security structures* and *reserved issues to be raised with the UK Government*. It hopes that these measures, including the monitoring function to be managed by the Scottish Government, will bolster industry confidence.**

**29. While the work of the Group has now concluded, as described in this final report, consideration will also be given to the Group meeting perhaps two more times this year, in a monitoring capacity. This would be to test in more detail – as necessary – issues that arise and also to monitor the delivery of agreed recommendations.**

**Short-life Food Security and Supply Taskforce June 2022**