



UK TRADE & BUSINESS  
COMMISSION

# COST OF LIVING & FOOD SECURITY

EVIDENCE IN BRIEF



# COST OF LIVING AND FOOD SECURITY

The UK Trade and Business Commission's hearing on the cost of living crisis and the UK Government's food strategy took place on the 30th of June 2022.

## Introduction

The session heard evidence on:

- The intertwined and overlapping areas of the UK Government's 'Food Strategy'
- Food security
- The impact of trade policy
- The impact of labour policy on production capability
- The rising cost of food
- Declining standards
- Nutrition

Although the Coronavirus pandemic, the war in Ukraine and climate change undoubtedly have an impact on all these issues, the Commission heard that at the very least, Brexit has "put us in a position where we were at a deficit at the outset". While it is difficult to decouple the interrelated issues from one another, this report outlines the key findings heard throughout the evidence session.

## About the UK Trade & Business Commission

The UK Trade and Business Commission (UKTBC) is a cross-party, cross-sectoral commission established to scrutinise and recommend improvements to our trading and business relationships with both European and global trading partners in the aftermath of the UK's departure from the EU.

### STATISTIC



Food insecurity affects 7.3 million adults and 2.6 million children in the UK, according to data from the Food Foundation

## SESSION WITNESSES



**Anna Taylor**

Executive Director  
The Food Foundation



**James Withers**

Chief Executive Officer  
Food and Drink Scotland



**Professor Timothy Lang**

Emeritus Professor of Food  
Policy, City University London's  
Centre for Food Policy



**Richard Griffiths**

Chief Executive  
British Poultry Council



**Phil Hambling**

Head of Food and Farming  
National Farmers' Union

# 1 UK GOVERNMENT'S FOOD STRATEGY

On the 13th June 2022, the UK Government published its Food Strategy, which cites the Coronavirus pandemic and the invasion of Ukraine as key drivers of food insecurity. According to the UK Government, its strategy is in response to the Dimpleby report, and sets out to deliver a prosperous agri-food and seafood sector; as well as securing food supply in an 'unpredictable' world.

Further, it outlines an objective to ensure the UK has 'export opportunities' as well as ensuring 'home-grown diets for all'. The reality however, as heard by the UKTBC, is that the UK Government's post-Brexit policies represent a serious misalignment with this newly proposed Food Strategy.

## KEY FINDINGS

**Misalignment:** Witnesses told the UKTBC that current policies, combined with the hard form of Brexit we have, sit in stark contrast to the ambition of the UK Government's Food Strategy.

**No mandatory targets:** The Food Strategy, without legal basis, sets no mandatory targets and thus has no accountability.

### Misalignment

In response to Paul Blomfield MP's question as to whether the UK Government's ambitions and policies align, **James Withers of Food and Drink Scotland** told the UKTBC "No. I've seen policies in contrast of the position, so I would argue that the early foray into trade deals have been, well they look like a disaster to me in terms of our farming industry".

**Richard Griffiths, British Poultry Council:** "Yes, it's absolutely right that there are a number of major global issues that play into the current situation. But in my view Brexit has created the new baseline, so we were worse off before the other issues really came to the fore. That's what Brexit has done for us.

"So, at this point yes, perhaps it's very difficult to separate out and say X cost of that is Brexit, Y cost is energy, etc. But it certainly put us in a position where we were at a deficit at the outset. Much of our labour issues can be traced back to the effects of Brexit. Much of our cost of trade with the EU can be traced back to Brexit. The imbalance, the asymmetry that Phil has talked about that; that is traced back to Brexit and the ideology of Brexit.

"Yes, we had problems that have been overcome, yes, I won't even call them teething problems because they were significantly more than that, yes, those problems have been massively exacerbated by the subsequent issues that are now on our plates, but fundamentally Brexit put us at a disadvantage from the outset.

*"Added cost, added burden, added resource requirement, lower efficiency, lower productivity. So that's how we started, and it's only got worse with the subsequent issues."*

**Richard Griffiths, British Poultry Council:** "I won't even call them teething problems because they were significantly more than that, yes, those problems have been massively exacerbated by the subsequent issues that are now on our plates, but fundamentally Brexit put us at a disadvantage from the outset. Added cost, added burden, added resource requirement, lower efficiency, lower productivity. So that's how we started, and it's only got worse with the subsequent issues."

### STATISTIC



Unhealthy calories are on average three times cheaper than healthy calories, according to data from the Food Foundation

## No mandatory targets

**Professor Timothy Lang, City University London's Centre for Food Policy:** *"There is no point having a strategy unless there's a legal basis to it. We've got no mandatory targets. Let me just remind ourselves, the reason climate change is being taken so seriously in Britain is because of the Climate Change Act, which stipulated targets and gave not enough mechanisms actually as a piece of legislation."*

*"We need that urgently now in Britain on food. We ought to be having the great failure of the Government's response to the Dimbleby Report is not to have any legislation at all. The next Government, coalition or whatever, or the next non-hard Brexit Conservative Government must be strongly pushed to have a piece of legislation."*

## 2 FOOD SECURITY

Food security, as defined by the United Nations' Committee on World Food Security, "means that all people, at all times, have physical, social, and economic access to sufficient, safe, and nutritious food that meets their food preferences and dietary needs for an active and healthy life".

However, the evidence given to the UKTBC makes clear that by definition, food security in the UK is at significant risk. While we do not have established indicators of food security, the following sections highlight the multitude of ways in which food security is threatened within the UK.

### KEY FINDINGS

**Complacency:** The serious issue of food security in the UK will not be solved by the aims and objectives outlined in the UK Government's Food Strategy. The UK Government continues to be 'extraordinarily complacent' on the issue.

**Post-Brexit supply chain risk:** The current functioning of our supply chains, as a result of post-Brexit issues, is likely to result in further restrictions to the available choice of food in the long term.

**Social disorder risk:** As we have seen elsewhere, the breakdown of food systems and food security may lead to social disorder.

### Complacency

**James Withers, Food and Drink Scotland:** *"I remain hugely concerned that we are extraordinarily complacent still on food security and there's almost a kind of arrogance that we are wealthy in the West, we'll buy our way out of any problems. I'm not convinced that will be the case. I'm not sure that the product will always be there, millions of acres are going to become unproductive as a result of global warming and I think many of the nations that we have traditionally imported from, it may become politically*

*unacceptable for them to export what dwindling supplies that they have to nations like ourselves, no matter what the price is."*

#### STATISTIC



The price of a "basic basket" of goods has increased from £43.52 in April 2022 to £46.10 in June 2022, a rise of 5.9% in 3 months.

## Post-Brexit supply chain risk

**James Withers, Food and Drink Scotland:** *“There is something happening in the food supply chain at the moment, and particularly the UK retail supply chain which potentially will harm the longer-term choice and availability of products in this country. I am as concerned now as I have been that the current function of the supply chain, which is not I think reflecting the costs of producing food means we could see over the*

*long-term a restriction in availability of choice of what we have on the shelves.*

*“And I think that’s a very difficult debate to have because the natural conclusion is food prices have to rise, or at the very least suppliers’ returns have to rise. But if they don’t my worry, is we could lose some of that core processing infrastructure with all the questions of food security that flow from that.”*

## Social disorder risk

**James Withers, Food and Drink Scotland:** *“As we’ve seen from the Arab Spring to the current unrest in Sri Lanka, the quickest way you can start seeing disorder in society is their food systems start to break down. And I am hugely concerned that we are still way too complacent in this country. And perhaps not surprisingly, we’ve gone through four or five generations where it’s unthinkable you wouldn’t*

*walk into a retailer and see it stocked to the rooftops with products from around the world at very low prices.*

*“That era is coming to an end, and it will come to an end quickly and unless we think hard about our own food security, ensuring we have a balance between a good domestic production capability and where we need to source products we simply can’t grow here, I think we can get into desperate trouble pretty quickly.”*

## 3 DECLINING LIVING STANDARDS & RISING FOOD PRICES

As with energy, the cost of food in the UK continues to surge. This results in a decline in affordability of nutritionally dense foods and a restriction of choice. For many, the weekly food shop is becoming nutritionally inadequate. Regrettably though predictably, it is once again those living in the poorest households that will be hardest hit. While the UK Government states in its Food Strategy it recognises the ‘real consequences for people across the country’ and ‘impact of cost-of-living pressures’, the UKTBC

heard that in reality, the UK Government is failing to acknowledge the problems that are both created and worsened by the impact of Brexit, but is also failing to acknowledge the ways in which solutions can be found within post-Brexit policy to alleviate these critical issues. Further, the strategy aims to ‘halve childhood obesity by 2030’, though as outlined below, the consequences of the cost-of-living crisis will likely result in the contrary.

## KEY FINDINGS

**Brexit a factor:** The UKTBC heard that Brexit is ‘absolutely’ a factor in exacerbating the current cost-of-living crisis.

**Food prices:** While food prices are a visible manifestation of inflation across the supply chain, this is lagging other sectors and we may expect to see this rise further.

**Household food instability:** Households are falling into food instability and security at an alarming rate.

**Adequate nutrition:** The cost of food is having a direct impact on access to nutritionally adequate food and consumer choice. This will likely have damaging consequences for the health of the population for years to come, particularly for those living in low-income households.

## Brexit a factor

**James Withers, Food and Drink Scotland:** *“Brexit is absolutely a factor in what is going on and it is exacerbating I think the costs of living crisis and there’s increasing weight of evidence that would justify that position. And we’ve got to quickly get into a sensible more logical discussion as to how we can make the TCA work a little bit more smartly and smoothly and make Brexit just a little less hard and painful than it has been.”*

## Food prices

**James Withers, Food and Drink Scotland:** *“Food prices are a very visible manifestation of inflation and they’re visible to every one of us when we go into the shops and certainly it can be a large focus on what the media look at as well as the energy piece. But it’s worth noting that yet again food prices are actually lagging behind the general level of inflation, and have done consistently over the last 10-15 year period...”*

## Household food instability

**Anna Taylor, The Food Foundation:** *“Foodbank usage is going up. We’ve been tracking food insecurity; we ask a standard set of questions which are recommended internationally and which the Government uses in its own family resources survey. We’ve been doing surveys since the start of the pandemic, we’ve done ten rounds of surveys, this provides a much more rapid pulse of data to allow us to pick up trends more easily.”*

## Adequate nutrition

**Anna Taylor, The Food Foundation:** *“We know from what happened in 2008 people traded down in quality, so they stopped buying as many fruits and vegetables for example, tended to focus in on those really energy dense, cheap foods, which fill up bellies and which require very minimal waste. So, I think it’s really important to understand not just the economic impacts on households and where that might push out expenditure on all other things, anything sort of broader relating to wellbeing and focusing very much on the absolute core essentials. But also, the health implications, the stress of trying to put food on the table when you’ve got very, very little money. But also, what it means in terms of what you’re eating.”*

**Phil Hambling, National Farmers’ Union:** *“I think that both the cost of energy and indeed people and labour are probably the bigger factors of driving inflation in the food supply chain, but it would also be right and proper to say that I don’t think the complexities of untangling ourselves from the European Union have necessarily helped either.”*

*“But now [we see] huge references to 50% increase in pasta and elsewhere, it’s probably those staples now, the meat and the milk and the dairy that are really starting to rise. And those if you like are the kind of non-discretionary items and that’s probably what’s causing the most pressure at the moment.”*

*“We did our most two recent surveys in January and April of this year and we saw in that period, that short period, a 57% increase in food insecurity, so the levels are now higher than they’ve ever been in terms of the recording that we’ve done. Affecting 7.3 million adults and 2.6 million children.”*

**James Withers, Food and Drink Scotland:** *“We see that there is a direct link between cost and healthy food that we see trading down which can mean unhealthier choices and the one context I would probably add, or the plea would be that the answer to improving that balance of healthier food will not be to further devalue those products and devalue food. I think we have to strengthen significantly the safety net and particularly for low-income families, but I am concerned that there can be a presumption that we need to make food cheaper and food has become cheaper, but we also need to try and balance that with the sustainability of the supply chain. I think Government intervention in this area, whether that is in subsidising healthier food.”*

## Adequate nutrition (cont.)

**Anna Taylor, The Food Foundation:** *“The balance of prices going into this crisis is really problematic for our health and wellbeing. Overall, unhealthy calories are three times cheaper than healthy calories and so when we’re thinking then about the additional effects of inflation and how that balance of prices across the basket is shifting in the context of inflation is really important because we’re coming out of the pandemic with a huge spike in childhood obesity and now rapidly rising levels of food insecurity. So, I think it’s really important to note that the affordability of eating in a way which protects our health is deteriorating very rapidly.”*

**Professor Timothy Lang, City University London’s Centre for Food Policy:** *“We must put innovation and technical advance in its context. It of course can be useful, but it doesn’t get away from social problems which drive food. It doesn’t get away from labour market issues which shape food. Technology is not the issue; the issue is the politics of mismanaging the current food system. And that is now threatening the food industry and it’s certainly threatening population health.”*

## 4 IMPACT OF POST-BREXIT POLICY ON PRODUCTION CAPABILITY

The Food Strategy states that the UK will achieve the objectives set out in the document by ‘sustainably boosting production in sectors where there are post-Brexit opportunities, including horticulture and seafood’. However, evidence given to the UKTBC makes clear that post-Brexit policies, in particular labour policy and the current form of the Seasonal

Workers Scheme, significantly curtails the UK Government’s aims to increase production and manufacturing capability. Indeed, the ability to attract the investment required to re-establish a prosperous agricultural sector is limited by our lack of available labour.

### KEY FINDINGS

**Post-Brexit labour policy:** The effect of post-Brexit labour policy has resulted in an inability to meet demand now and into the future.

**Seasonal Workers Scheme:** The Seasonal Workers Scheme, in its current form, does not allow enough time for businesses to adapt and take advantage of the scheme.

**Access to people and labour:** The single most pressing issue impacting horticulture is access to people and labour.

**Trade policy:** In addition to labour policies, witnesses expressed the need to urgently see a trade policy which recognises the need to grow productive capability for the long term.

**Border controls:** The asymmetry in border controls is limiting the ability of UK producers to extract value from their exported goods.

### STATISTIC



The Scottish food and drink manufacturing sector is short of approx. 10,000 - 11,000 workers.

## Post-Brexit labour policy

**James Withers, Food and Drink Scotland:** “I am concerned about our ability to have the workforce in place in order to meet what is growing demand and ultimately meet that food security imperative in time. And we somehow have to find a way of unlocking the Home Office to have a more sensible conversation about all this, because I’ll be honest, we cannot get in the door to have a conversation, a sensible conversation about immigration.

“I think that would be a massive step forward if Government could start having a real conversation about where we’ve got genuine gaps. Our working age population is dropping, in Scotland, across the UK, we are short of people, and we want to attract talent to well-paid jobs throughout our particular sector. So, it would be nice to start that conversation.”

**James Withers, Food and Drink Scotland:** “We will have the ability to keep producing food here and arguably we will have a greater moral responsibility to maximise our ability to produce food, both for ourselves and for others. So, we will fair better than other developing countries who like in so many instances are going to be facing the worst kind of impact of what’s happening. But it will mean that we will be in a comparatively better place in terms of our ability to

## Seasonal Workers Scheme

**Phil Hambling, National Farmers’ Union:** “I think the reality is though that the extension of seasonal workers scheme is perhaps taking longer than would be ideal for the food supply chain to be able to adapt.

“And I think the importance of seasonal poultry work as well recognised for turkeys for Christmas and I’m sure that Richard will want to speak about is somewhat welcomed, it’s perhaps less than we’ve had previously and indeed we’re concerned that both the

## Access to people and labour

**Phil Hambling, National Farmers’ Union:** “Bringing this back to the Food Strategy, the biggest single factor of reducing growth in horticulture is access to people and labour and clearly the ability for the industry to not only weather the storm that we see now, but also grow in the future is predicated on having a labour policy that meets its needs.”

produce food. The critical thing is making sure we do that, and we build the infrastructure, and we protect our ability to do that.”

**James Withers, Food and Drink Scotland:** “The labour market has been in some turmoil, we’re about 10-11,000 workers short just in the Scottish food and drink manufacturing sector, which is causing a spike there, and we’re starting to see trade deals that actually leave sectors who were promised to be better off, worse off than they would have been had we remained in the European Union.”

**Richard Griffiths, British Poultry Council:** “We’re in a position where we were previously very reliant on non-UK labour, we’re at a point now where I have members who are desperate to invest in new technology, the automation, embrace that side of what the Government says it wants, but we need that interim period where we continue to have access to labour while we make the changes. The Government want us to change like that, we need years of investment programmes to reach that same point. So, there are ways that the Government could support industry, but ultimately if it’s not acknowledging the big problem or the problems that have been created then there’s very little that can realistically be done.”

tendering process for the labour providers in which the recruitment have to go through will be ending in September which will not give a huge amount of time to be able to recruit and ensure that we have the right people in the right places to be able to process our seasonal poultry. On top of that we certainly wouldn’t have expected that to come out of the allocation or headroom for seasonal workers that have been applied for horticulture.”

### STATISTIC



Between January and April 2022, the Food Foundation reported a 57% increase in food insecurity among survey respondents.



## Trade policy

**James Withers, Food and Drink Scotland:** “Even looking at Australia which looks like a £98 million hit to the agricultural industry here, and New Zealand as well, I’m not seeing anything that suggests that that laudable aspiration to maintain productive capacity

here is in any way translating into a trade policy which would deliver that. And that will need to be arrested pretty quickly.”

## Border controls

**Phil Hambling, National Farmers’ Union:** “We have a considerable asymmetry in border controls at the moment which is both unfair for UK producers and in fact is inhibiting some of the points that I made earlier on about fulfilling our export capability, just as much to improve our resilience but also returns. And the very fact that we have additional costs that our competitors have in Europe is problematic because it means that we can’t extract the value of products that we do export and is coming at cost which ultimately comes out of the supply chain supplying the domestic market as well.”

**Professor Timothy Lang, City University London’s Centre for Food Policy:** “Delays at borders are actually not just a factor in terms of cost but are a factor in terms of quality. I think there’s a really interesting issue, not quite sure of what concern it is yet in nutritional terms, but of delays in getting fresh foods, ambient foods through borders is not good because nutrients decline with time in fresh fruit and vegetables.”





Spreads

8

Rolls



White bread

Sugar

Eggs

Bakery & Patisseries

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