

HADLOW COLLEGE VISION50 ROUNDTABLE

**Brexit will affect the
UK's food production
and consumption,
but what are its costs
to the consumer?**





Introduction

The UK officially leaves the European Union on 29th March 2019, a departure that will impact the nation's domestic food production and the way it provides food to feed its ever-expanding population.

Inevitably, consumers will be the ones who suffer, not only from a monetary point of view but in terms of health, welfare and in many other ways which we are currently unaware of.

With potential food shortage in sight plus an increase in food prices, what are Brexit's costs to the consumer? And what solutions might be implemented to assure safety?

More importantly, how can the agriculture industry join with other sectors to ensure consumer cost is minimised?

This roundtable meeting used Brexit as a gateway to explore some of the industry's key concerns including: domestic food supply and produce, agriculture's 'branding' and consumer relationship with food.

Thank you to all the delegates and chair who attended the Round Table and added to the development of this whitepaper.

Our Chair for the round table was Christine Drury who is currently chair of CPRE Kent, the Kent branch of the charity that campaigns for a thriving countryside. Along with other trusteeships she also a parish councillor for Westwell near Ashford. She previously worked for Unilever in London, Brussels and Rotterdam leading sustainability programmes and NGO relations, and chairing European industry forums. She is now also a Kent ambassador.

Organisation

Barclays
A C Goatham
NIAB Innovation Farm
English Apples & Pears
Natural England
Confederation of British Industry
Grow Up
Kent County Agricultural Society
Charlton Manor Farm Contractors
i3d Robotics
Policy Connect
Policy Connect
The Institute for European Environmental Policy
Hadlow College

Delegate

Mark Suthern
Carol Ford
Lydia Smith
Sarah Calcutt
Geoff Sansome
Abigail Morris
Tom Webster
James Forknall
Hugh Goldsworthy
Nicholas Bantin
Jim Clark
Simon Kelleher
Ben Allen
Mark Lumsdon-Taylor

How are we preparing ourselves? What does the government's Agricultural Transition involve?

① Agriculture Bill

The roundtable began with a discussion regarding the government's recent Agriculture Bill. Delivered on 12th September 2018, the bill addresses the industry's seven-year transition from March 2019 into a post-Brexit society.¹ As the EU's Common Agricultural Policy (CAP) will no longer apply to the UK, independent domestic legislation is required to form the basis of the UK's farming operations outside of the EU.

The bill encompasses many factors, including:

- 'Public payments for public goods' scheme, delivering support to those in the industry who benefit the public through their environmentally-conscious farming. In turn, direct payments will be phased out from 2020.
- Assure compliance with World Trade Organisation standards and obligations.
- Improve marketing standards; specifically in terms of product quality and the way product information is disseminated to customers.

¹ The bill is subject to revisions during the second and third readings in the House of Commons, where the same process will be performed in the House of Lords for the bill to be passed.

② Financial support for farmers

As of October 2018, one of the clauses causing the most controversy is the change to agriculture funding. Whilst the bill is providing the opportunity to create a domestic strategy, the debate around financial support for farmers is causing some concern for those in the industry.

In terms of English agriculture, currently £2.1 billion a year flows into 87,000 English agriculture businesses in terms of basic direct payments or agro-environment payments. Around £400,000 of this sum is specifically for agro-environment support therefore, direct support has a clear precedence.

The bill has established a seven-year timeframe from 2020 where all of the funds will shift to payments for public goods; an initiative which rewards farmers on their efforts to improve air and water quality, animal welfare and soil health. But this departure from direct funding is viewed sceptically by the industry, particularly as the bill's focus fails to balance environmental health with an equally crucial aspect – food production.

For farming organisations, it is estimated that around 66% of businesses are dependent on direct payment. Moving forward, the next move will be to look at how differently each sector (from top-fruit horticulture to arable farming) within the industry will respond to this change. The next few months will be vital in seeing whether the bill will materialise and impact the entire agriculture supply chain and not simply sustain the top 25% in the industry.

Financial sustainability is essential for future stability and security. In terms of UK horticulture, at present, the sector does not receive any support from agro-environment schemes as it is not considered within the industry remit. Present funding for horticulture pertains to producer organisation funding (a small amount of funds guaranteed until next parliament) which can be used to make strategic investments. Other than this, there are productivity-led investments for things the industry requires including, cold storage and pack houses. Defra is collaborating with other organisations to ensure the sector gets this funding for what it needs to function.

The bill, however, does not account for the time it takes to respond to food demands. In horticulture, on average, when tree growth and acquisition is considered, top-fruit cultivation requires a 20-year business plan and a 10-year productivity cycle.

This high-level of investment must be made more transparent to the government, where pledges must be made, either by banks or the government, to offer long-term support for horticulturalists and the wider farming industry. In turn, this will bolster the UK's own food security as it becomes more reliant on domestically-produced food post March 2019.

Changing perceptions

① The role of the tech in the future of farming

A significant part of this roundtable debate discussed how to change the external perception of the farming industry.

Part of the industry's collective responsibility is to reinforce the actual value of each sector within the industry, particularly how each sector is perceived by consumers.

A recent report by the Migration Advisory Committee (MAC) misrepresents the industry as underperforming, low-skilled

and unproductive. Although the report rightly stresses the need for a Seasonal Agricultural Workers Scheme (SAWS), the report does not account for the fact the sector has seen the greatest improvement in yield per hectare across any industry in UK. This view must change to encourage fairer representation of the agriculture industry going forward.

② The role of the tech in the future of farming

In the arable sector, technology is becoming a huge asset, yet this needs to be realised and promoted externally. Technology is saving time, cutting costs and is increasing the sector's sustainability. Using GPS tracking, every farming operation is becoming more streamlined, resourceful and environmentally-friendly. The arable sector has seen a marked decrease in the presence of over-drilling or over-spraying, for instance, actively improving the quality of the UK's landscapes.

Although robotics is one of the industry's most impressive technological advancements, there are still some challenges. In terms of price and complexity of task, robotics requires refining. Strawberry picking, for instance, is a delicate task which robotics needs further tuning to manage accurately.

A potential stumbling point would be whether the industry has the investment capital to fund the technology, especially as there is, at present, a 'cheap' food culture selling lower-quality produce at low prices.

Moving forward, if the industry is going to apply robotic technology across all sectors, it needs to ensure the technology is in tandem with the rate of food production. For instance, if the top-fruit cycle is on average 20 years, will the technology be outdated once the fruit is ready for harvest? How can future, and not present, technology be better aligned with next-generation food production?

Moreover, with such delicate harvesting practices, how can we ensure the machinery is equipped to perform these tasks? More rigorous specification is required to ensure the technology meets the right standards – the technology needs to be designed to a specification which accounts for individual crop variety, for instance. Overall, this will improve the credibility of precision farming as it will be able to execute tasks more appropriately.

Currently, outside of the agriculture industry there is little-to-no attention on how beneficial the technology would be both in terms of cost and productivity. Although the industry would flourish with the help of ground-breaking technology, there needs to be more conversations between agriculture industries and technological innovators to integrate the systems with farming operations.

Overall, the farming world needs to take better action to promote the invaluable opportunities which could arise should tech companies invest in creating the equipment.

What are the costs to the consumer?

① How do we involve consumers more?

The amount of household income spent on food is at an all-time low of 8%, meaning that the cost of food is not a complete priority for consumers. With this statistic in mind, it is clear that consumers are conscious of the cost of food, therefore they are more inclined to buy into the mind-set that cheaper food is beneficial overall.

Instead, the real value of food needs to be emphasised, and the farming industry may do well to pursue this. As a result of many factors including the global recession and the disappearance of Home Economics on the curriculum, the nation's relationship

with food has changed. There is greater precedence on buying cheaper, readily prepared foods which save both cost and time.

Due to this approach, the focus on cooking and using fresh produce has somewhat diminished. Education is vital, where the industry could use Brexit as an opportunity to negotiate new changes to the education system to provide future generations with the skillsets to know how to get the greatest value from fresh food.

② Creating food brands and campaigns

The Food Foundation has been recently awarded £2 million of advertising space by ITV to promote its Veg Power campaign, a great victory for the UK's vegetable industry. UK supermarkets have also pledged funds to support campaigns on fresh produce.

However, the same level of attention must be applied to the UK horticulture industry; where bold creative content must be developed to encourage everyone across the UK to engage with fresh fruit. Increasing awareness around the horticulture industry, from production to consumption, will create the essential culture change the industry really requires to grow.

Moreover, there needs to be more long-term schemes to sustain these campaigns for true change to be given the time to evolve. Long-term marketing plans

will communicate the real value of food to consumers. Creating a brand which incorporates all of the vibrant areas of horticulture, plus how they intersect with other sectors, will give consumers a more holistic understanding of their food and its provenance.

Moreover, communicating a 'food journey' will enable consumers to see the value across the supply chain. In order to create more awareness on how consumers perceive the industry, attention needs to be paid to all aspects of the industry, from the latest technology, to packing operations, to cooking; in order to educate the general public on how advanced the farming world truly is.

③ Food affordability and consumer's purchasing habits

A huge area for debate is whether the cost of food will rise if the real value of food is articulated. Although a possible option would be to reduce taxes on sustainably-sourced food, this decision needs to be weighed up from both a consumer and a producer perspective.

Whilst the consumer might be getting higher-quality food at a less expensive rate, the producer will not necessarily benefit from this in the same way. Incentives must be considered from one point of the supply chain to the other, to ensure a fairer economy for all.

Currently, it is estimated that up to 95% of food produced by the horticulture industry is white label product. The specification is not set by the industry, but the supermarkets which stipulate the packing specifications.

The supermarkets play a huge role in how the industry is perceived. For this reason, consumer purchasing behaviour has changed. On average, it takes 10 seconds for the consumer to decide which product to choose. Although consumers enter a supermarket with the mentality that they wish to buy British produce, their buying habits are ultimately controlled by price points.

Cleanliness is another factor. Plastic packaging is perceived as being cleaner and safer than loose fruit. Perfectly-packaged, unblemished fruit is the apple of the consumer's eyes, where waste is sadly less when fruit is wrapped in plastic.

④ Creating food brands and campaigns

All the agricultural sectors have to come together as a collective to change the perception of the industry. Communicating the real value of food and farming will gradually seep into the public's consciousness. This could be achieved by:

- Creating a brand through slogans, i.e. 'An apple is a portable, healthy snack'.
- Collaborating with UK supermarkets to develop a public health campaign in the consumer's interest, i.e. creating a narrative around the benefits of berry fruit.
- Collaborating with UK supermarkets to change the food waste issue. Current supermarket specifications are unreliable and cause waste before food hits the shelves. 'Wonky', imperfect food has value, yet the 'wonky' produce schemes have actually devalued the product. Changing this perception has the potential to decrease food waste, encouraging consumers and supermarkets to see the real value.
- There needs to be a direct structure between production and supermarket stalls – the current system is too convoluted, especially as packaging takes place elsewhere by a third party. This could be combated by better farmer ownership, which would require the supermarkets to invest better trust in growers and producers.
- More focus on food and provenance is needed in the UK's national curriculum. A 20-year education strategy backed by the supermarkets would teach the value of food to next generations.
- According to a report by the Confederation of British Industry, nine out of 10 consumers would like business to speak on societal issues. Could this statistic inform the industry's branding?
- Develop initiatives to encourage people to cook using fresh produce, forging better connections between consumers and food.

However, the industry must be mindful of a number of challenges. One of which is the supermarkets causing a 'race to the bottom'; particularly as there is little worth in growing more produce at cheaper rates, as this degrades quality and the 'value' the industry is trying to showcase.

How will Brexit impact the industry?

Currently, the UK only produces 40% of the food it consumes; where the UK relies on EU land and its technology to farm. To prevent food shortage, the UK will rely on imports from further afield (US, Australia, Canada) which will impact the cost of food, particularly fresh produce.

Going forward, will the UK maintain its own food standards to offer better value

products to consumers, or will it rely on lower-standard, imported foods?

With rigorous audit policies and specifications, the UK sets the food standards for the globe. After Brexit, the UK might be forced to import lower-standard foods, which will be a huge disadvantage to the UK's own food production and the consumer's welfare.

① How do we involve consumers more?

In terms of new trade deals, how will the UK set its import requirements? If the UK chooses to follow WTO standards, the industry needs to ensure there are reciprocal agreements between the country businesses are trading with and themselves.

Food standards will need to be negotiated to ensure quality is not compromised. Moreover, border-control policies must

be accounted for, as longer processes will impact the quality of produce.

To tackle this, the National Farmers Union (NFU) is calling for food environmental production safety legislation. There also needs to be more consumer awareness here to apply pressure to the government.

② Creating food brands and campaigns

There are plenty of opportunities for better connectivity, including community orchards for instance, to bring agriculture to the people living in cities.

Better integration in city spaces will drive people's interest to the farming world. This can be achieved by:

- Installing innovative growing areas in highly-populated zones to attract broader demographics to agriculture. This will raise consumer awareness.
- Engage with local schools on a long-term basis, not only to educate students on

food provenance, but the diverse career options in agriculture. This will create a long-lasting relationship with young people.

- Parents play a key part in young people's engagement with food, so developing initiatives outside of an education institution would be beneficial.
- Utilising urban spaces for food production will counteract the constant demand on rural space. Urban growing is a great solution to ensuring food security post-Brexit.

What kinds of government support and incentivisation is necessary? Where can government support be placed and what policies can be implemented?

① Apprenticeship schemes

A key area for debate is whether the government is responding to the future needs of industries. There have been some issues regarding the employer-ownership agenda, particularly in regard to which body sets the apprenticeship standards. Is the current scheme helping the industry in the long-term?

For the arable sector, there are certain practicalities which prevent under-18s from entering the industry safely. Tractor driving, for instance, is a highly-skilled, specialist job that requires a full-driving licence, plus a certificate, that some young people cannot have access to. Moreover,

the insurance will not permit these jobs to be undertaken by young people who are legally unable to drive large tractors over 8.2 tons.

Essentially, there needs to be more industry-related apprenticeships which provide both the company and the student with the incentives to make long-term investments. Apprentices need to be more closely aligned to their nominated organisation to ensure there is opportunity for the young person to form a career within that company whilst still receiving the right skills and payment.

② Other career paths

High-salaried careers such as spraying require a high level of skill due to the operation of complex technology. However, this is not communicated to schools, recruiters or young people of university age. Is this not advertised or promoted correctly?

At the moment, the industry is speaking in a very particular language which will need changing if it is to become accessible to young people. Communicating in a more familiar, younger voice to signify farming's modern outlook will cultivate more interest.

The new narrative should also reverse the deep-set stereotypes which present the industry as conventional and unattractive to young people. This change must be directed by the national curriculum and recruiters to tap into young people's psyches. The real value of farming needs to be presented to represent it as a forward-thinking, highly-productive industry.

③ Creating a farming narrative

Using Brexit as a framework, there might be some opportunities to showcase the real value of foods through better engagement with the British landscapes.

The industry needs to create a brand centred on fresh food and produce; sending messages which communicate natural farming landscapes as well as the technology used during farming operations.

Furthermore, the industry could also partner with health organisations to showcase the physical benefits of a balanced diet based on healthy foods.

What are the most important messages to feed into the post-Brexit farming strategy?

1. Lobbying action through UK regional policy to futureproof the industry.
2. Changing the perception of 'value', looking at the value of products to the consumer.
3. Taking a more holistic, interdisciplinary stance on the industry, focusing on its intersection with environment and health.
4. More modern, intuitive branding.
5. Further government support, particularly in terms of apprenticeships and investments in new technology.
6. Supportive business models to sustain survival of smaller agribusiness.
7. Articulate the benefits of a career in agriculture and showcase its diversity. This could be supported by re-introducing food skills into the national curriculum.
8. Reforming CAP and ensuring funds are for public good.
9. Develop schemes where banks offer long-term loans to farmers.
10. Making use of urban growing spaces.
11. Change language and idioms, especially 'buy-one-get-one-free'.
12. Work with supermarkets to encourage behaviour changes during food shopping experiences.



Conclusion

Key areas emerging from this roundtable debate included:

- Whilst the Agriculture Bill makes notable attempts to improve the environmental quality of the UK's land, there was little attention to how the UK will sustain itself post-Brexit. Better financial sustainability is crucial as the country moves forward; this could be through long-term loans or other strategic investments.
- Negotiate the best new WTO trade deals for the industry to ensure food quality, and the nation's health, is not compromised.
- Changing external perceptions of the agriculture industry by creating a new, modern farming narrative and brand. As a collective, the industry needs to work with the UK's largest advertising bodies to enable better promotion of the farming world.
- Utilise urban growing spaces to ensure domestic food production after March 2019.
- Review current apprenticeship schemes to encourage more young people to consider a career in farming.

The UK farming world is a vibrant, profitable and highly-productive industry, but this value needs to be truly communicated to every consumer. Moving forward, it is crucial that the industry use Brexit as an opportunity to revitalise the farming industry - to develop a strong, domestic farming strategy that will enable Britain to sustain itself until Brexit becomes a very distant memory.





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