

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

19 October 2020

Dear Chancellor,

URGENT SUPPORT REQUIRED FOR THE FOOD AND DRINK SUPPLY CHAIN

We are writing to set out our concerns over the future of the food and drink supply chain which is in danger of collapse, with the introduction of national curfews, local restrictions and the downturn in demand for foodservice and hospitality.

In particular, we have grave concerns over the provision of food to the public sector. Commercial revenue from the 70% of turnover distributed to the private hospitality sector underwrites the 30% of business supplied to public sector contracts. Without the income from the commercial sector, the supply of food to institutions such as care homes, prisons, schools and hospitals is at immediate risk. Wholesalers send specialist food to care homes and this cannot be replaced by deliveries from supermarkets. The same supply chain is also essential to the ongoing supply of food to primary and secondary schools for the provision of school meals.

The food and drink wholesale sector must be supported to mitigate this unacceptable scenario.

Job losses, business and site closures are a reality unless the Government extends its new and existing support measures to the hospitality sector and to the distributors who supply it.

To enable the sector to survive, Government must introduce the following three measures:

1. **Extension of the furlough scheme in areas listed under Tier 2 and 3 restrictions.** Without the extension of furlough in these areas, redundancies will be unavoidable and site closures will follow, putting key public sector contracts at risk. We urge you to extend the full furlough scheme to avoid a cliff edge of job losses throughout the hospitality and wholesale sectors.
2. **Extending Business Rates Relief to the wholesale sector.** Wholesalers have not been eligible for Business Rates funding throughout the pandemic because they do not fall within the "retail" category. Business Rates Relief has been extended to other retail including supermarkets, hospitality, and leisure. The lack of targeted support has left wholesalers depleted. The 10pm curfew and the tiered lockdown system will result in a tipping point where mass redundancies need to be made and sites will be closed unless Business Rates Relief is granted.
3. **Discretionary grants to supply chains at the risk of collapse.** Government support for hospitality outlets in Tier 3 has been welcome, but no support has been given to any supply chain businesses which cannot close due to the need to supply public sector food and drink. At this point in the crisis a sustained period without usual sales in Tiers 2 and 3 means a new wave of targeted finance for businesses serving Tiers 2 and 3 must be introduced to prevent the most essential supply chains from collapsing and leaving key sectors without food and drink.

The whole food and drink industry supply chain is committed to working with Government to support its policy objectives both on health and the recovery. The above measures are essential to ensure continuity of critical public sector food and drink supply and the Government must introduce them immediately.

Yours sincerely,

James Bielby, Chief Executive, Federation of Wholesale Distributors
James Lowman, Chief Executive, Association of Convenience Stores
Norman Bagley, Policy Director, Association of Independent Meat Suppliers
Emma McClarkin, Chief Executive, British Beer and Pub Association
Richard Harrow, Chief Executive, British Frozen Food Federation
Gavin Partington, Director General, British Soft Drinks Association
Shane Brennan, Chief Executive, Cold Chain Federation
Gordon Polson, Chief Executive, Federation of Bakers
Ian Wright CBE, Chief Executive, Food and Drink Federation
Martin Kersh, Executive Director, Foodservice Packaging Association
Alex Waugh, Director-General, National Association of British and Irish Flour Millers
Dick Searle, Chief Executive, Packaging Federation
Andrew Kuyk CBE, Director General, Provision Trade Federation
Colin Smith, Chief Executive, Scottish Wholesale Association
Kate Nicholls, Chief Executive, UKHospitality
Miles Beale, Chief Executive, Wine and Spirit Trade Association

CC:

Rt. Hon. Boris Johnson MP, Prime Minister
Rt. Hon. Michael Gove MP, Chancellor of the Duchy of Lancaster
Rt. Hon. Alok Sharma MP, Secretary of State for Business, Energy & Industrial Strategy
Rt. Hon. George Eustice MP, Secretary of State for Environment, Food and Rural Affairs
Rt. Hon. Gavin Williamson MP Secretary of State for Education
Rt. Hon. Robert Buckland MP, Lord Chancellor and Secretary of State for Justice
Rt. Hon. Matt Hancock MP, Secretary of State for Health and Social Care
Rt. Hon. Sadiq Khan, Mayor of London