



UK Government Response to Covid19 Support to the Food Sector

The Greater Lincolnshire LEP is committed to bringing you the most relevant and important information direct from Government and supporting our business community.

Public safety is the government's top priority to the Covid19 outbreak. The government recognises that people will also be concerned about the effect it will have on their businesses and employment and concerns around reduced demand, potential disruptions to supply chains, export markets, and to their workforce during this unprecedented period.

Greater Lincolnshire's agrifood industry is of national significance, with 56,000 jobs in agriculture, food processing, marketing and logistics and it generates £3.5 billion for our economy. **Greater Lincolnshire has the greatest dependence on food processing and distribution of all 38 English LEP areas.**

The scale of our food industry means we have a major role in helping the country feed itself during and after the Covid-19 crisis. After the global economic crisis in 2008 the food and drink sector had the shortest recession of any major sector and we expect this will be repeated this time.

This does not mean we can be complacent and we recognise that the next few weeks and months will be very challenging for everyone in the industry. **We remain committed to helping the industry in the short and long term and stand committed to support our nationally important food sector.**

The Chancellor announced in the Budget a £12 billion plan to provide support for public services, individuals and businesses, whose finances are affected by COVID-19.

Whilst these interventions are widely welcomed in principle, with the rapid pace of change, this figure is already considered likely to be insufficient.

The top five issues which Covid-19 raises for the food industry are:-

1. **Trade** - the food industry is a significant trade sector, with high levels of exports and imports. We are impressing on government the need to ensure that commercial trade routes remain open, even if restrictions are placed on the movement of people.

2. **Structural Changes in Demand** - we are anticipating sales through food service will be severely reduced in the short term, whilst we expect retail sales to grow. We would urge you to consider the impact this has on your supply chain and nationally we will be pushing for help to restructure the industry to cope with this short term change. Whilst we would expect food service to rebuild after social distancing restrictions are lifted, this could take many months.
3. **Cash flow** - Covid-19 and the disruptions it causes have the potential to create cash flow problems for many food companies. We are calling on the government and banks to support measures to maintain liquidity, but it is also important that all businesses continue to pay their suppliers on time so that cash flows in the food chain are maintained.
4. **Staffing** - our first priority must be to ensure staff stay safe and are supported if they become unwell. The government have published guidance on this which we would urge everyone to follow. We welcome the DfT announcement that (DfT, 18th March 2020) rules on drivers hours are being relaxed for the food chain and other essential supplies such as cleaning and medical supplies, see:
<https://www.gov.uk/government/publications/temporary-relaxation-of-the-enforcement-of-eu-drivers-hours-rules/temporary-relaxation-of-the-enforcement-of-the-drivers-hours-rules-delivery-of-essential-items-to-retailersidance>.

We are additionally calling on government to relax some additional rules on staffing. For example, to keep goods flowing we may need a temporary relaxation on rules governing working hours, to enable supply chains to function when staff are ill.

5. **Regulation, Inspection and Audit** - the food chain is very dependent on auditing processes which often involve physical inspections. We would urge all government and third party physical inspection processes to be temporarily suspended so that site bio - security can be maintained. Similar flexibility is needed to ensure that audit processes on food safety can be completed by managers, even if the staff who normally have these responsibilities are ill.

In response to the situation, we are implementing a single contact point to collate business intelligence and to assist us in feeding the needs of our business community into government as a consolidated and impactful evidence base as a single, united voice.

Please email your comments and concerns to:

GLLEPbusinessintelligence@lincolnshire.gov.uk

Your input

- Do you agree that these are the key areas to focus on, or are there other issues you want to add?
- What practical help could the government provide to help sustain the food chain during the current crisis?

Support to business announcements

The Government will support businesses that experience increased costs or disruptions to their cash flow. There will be a £3,000 cash grant to 700,000 of our smallest businesses, delivered by Local Authorities, and worth a total of £2 billion. Government will increase the Business Rates retail discount in England to 100% for the 2020 to 2021 tax year for properties below £51,000 rateable value.

A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will also launch in a matter of weeks to support businesses to access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £1.2 million in value. This new guarantee will initially support up to £1 billion of lending on top of current support offered through the British Business Bank.

For individuals Statutory Sick Pay (SSP) will be extended for those advised to self-isolate, and those caring for others who self-isolate, and support through the welfare system for those who cannot claim SSP, as well as a hardship fund

The Local Economies Contingency Team is working at speed to action the announcement in the budget that the government would provide £3,000 cash support to all businesses in receipt of Small Business Rates Relief in recognition of pressures they will face as a result of Covid-19

For more information visit: <https://www.gov.uk/government/publications/support-for-those-affected-by-covid-19/support-for-those-affected-by-covid-19>