



REPORT OF THE FRUIT AND VEGETABLES TASK FORCE

August 2010

The views in this report are those of the Fruit and Vegetables Task Force and do not necessarily represent those of Defra or other Government Departments.

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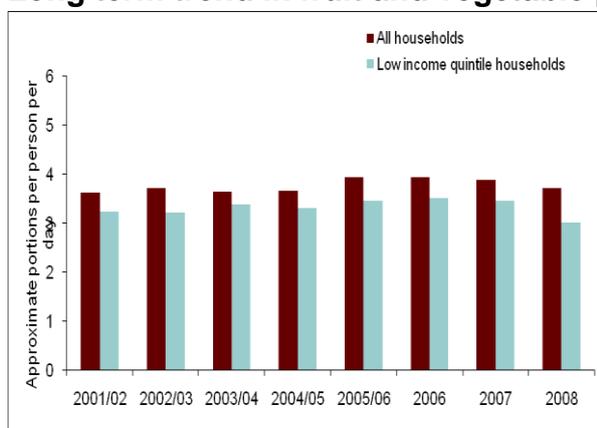
Report of the Fruit and Vegetables Task Force on increasing the consumption and production of domestic fruit and vegetables

1. Introduction

1.1 Poor nutrition was estimated to cost the NHS £6-7bn per year in 2002. Pro rata for 2009 would increase this to at least £8bnⁱ. Increasing the average daily consumption of fresh produce to five portions per day from three would avoid an estimated 42,000 premature deaths per year. While the 5 A Day message is now well recognised by consumers, there has not yet been the dramatic increase in fruit and vegetable consumption required, particularly among low income groups as the graph below shows. In 2008 average daily consumption of fruit and vegetables was 3.7 portions per day, down from 3.9 per day in 2007 and lower than for the past few yearsⁱⁱ. Recent increases in consumption have largely been in fruit juice consumption¹ rather than in vegetables, where aggregate vegetable consumption has remained fairly stable. This is, in itself, a matter of concern due to the health benefits of vegetables over fruit and fruit juice.

1.2 Recent media coverage of the European Perspective Investigation in to Cancer and Nutrition suggested that 5 A Day did not reduce the risk of cancer. Although it did show that the risk reductions for cancer from eating more fruit and vegetables were less than hoped (9% reduction for those eating the equivalent of 5 portions), this was not the whole storyⁱⁱⁱ. Those eating 5 A Day had a 26% lower risk of stroke than those who ate less than 3 portions. Eating fruit and vegetables had a demonstrable protective effect against mouth, oesophagus, bowel and lung cancer and eating fruit and vegetables could help maintain a good body weight.

Long term trend in fruit and vegetable purchases excluding potatoes



Source: Living Costs and Food Survey 2008 (Defra/ONS)

¹ Fruit juices made up 27% of total fruit consumption in 2007, up from 5% in 1974. Aggregate fruit consumption has risen by 8% since 2000.

1.3 The push to increase fruit and vegetable consumption in the UK should have been good news for domestic growers but the reality has been different. The levels of home produced fruit have remained relatively stable while imports have risen. Levels of home produced vegetables reduced by 23% while imports increased by 51% over the last 20 years^{iv}. While it is not possible to become self sufficient in all the fruit and vegetables we consume, over a 10 year period, self sufficiency² in indigenous³ vegetables declined from 73% to 60%. Self sufficiency in indigenous fruit stood at 31% in 1998 increasing slightly to 38% in 2008^v but on balance domestic growers are not able to compete with imports and are still losing market share.

1.4 A vibrant food sector can contribute to balanced growth with manufacturing and agriculture distributed across the UK. The agri-food sector is the UK's largest manufacturing sector, contributing over £80bn to the economy and employing 3.6million people^{vi}.

2. Background to the task force

2.1 The Council of Food Policy Advisors proposed that Defra hold a round table discussion to consider a strategy for increasing the domestic consumption of fruit and vegetables and to identify realistic and sustainable opportunities for increasing domestic production of fruit and vegetables. This roundtable was held in summer 2009 and proposed that a task force be established.^{vii}

2.2 The fruit and vegetables task force was launched by then Secretary of State for Environment Food and Rural Affairs, Hilary Benn, on 21 October 2009. It met for the first time in November 2009. The entire supply chain is represented on the task force. The task force agreed to set up three subgroups (production, supply chain and consumption) to take on the detailed work of the task force. Each subgroup was led by a member of the task force and their membership included a wide range of experts as well as other task force members. Appendix 1 lists the organisations involved.

2.3 The task force agreed that increasing fruit and vegetable consumption required:

- Availability and convenience
- Value for money
- Quality and taste

² Self sufficiency is a measure of agriculture or horticulture's competitiveness rather than food security which is a more complex issue.

³ Describing a crop as indigenous reflects only whether a commodity can be grown in the UK. Seasonality means that for most crops it is out of season for at least part of the year.

Delivering these three prerequisites requires a competitive supply base and an efficient supply chain. Overproduction must also be avoided – there must be demand for the product. It was therefore clear that the work of the subgroups is interrelated. The task force’s interim proposals are very cost sensitive and have been designed to remove barriers to production and consumption without reliance on the public purse.

2.4 Any increase in domestic fruit and vegetable production must be done sustainably. Farming for the Future and the Campaign for the Farmed Environment have both focused on the crucial issue of improving the sustainability of agricultural and horticultural production. Given this ongoing work and the industry focus on improving competitiveness, the task force’s work has not focused on new proposals for sustainable production. The task force’s recommendations must be considered alongside the existing and developing evidence on this issue.

3. Next steps

3.1 This report outlines the task force’s main findings to date and sets out the interim proposals it wishes to put to Ministers. Subject to Ministerial approval, the subgroups will work on the implementation of these proposals including assigning responsibility. It would then meet finally in the autumn to report on its progress.

4. Summary of Key Proposals

Competitive supply base

Proposal	Can be achieved by?	Responsible Owner	Timescale	Involved Parties
Make reference to food production in national planning policy and streamline planning requirements	CLG	Defra liaise with CLG	Short-medium term	CLG Local Government Association (LGA) National Farmers’ Union (NFU)
Address issues of permanent immigration and seasonal labour availability for agriculture and horticulture	Home Office and DWP	Home Office and DWP	Medium-long term	Defra NFU Growers UK Border Agency SAWS operators Agricultural employers Benefits recipients

				Local authorities
Government recognition and support for the need for available water for horticulture	Defra, Environment Agency	Defra	Short-medium term	NFU Local authorities Growers Environment Agency Water companies
Review of approval process for non chemical means of control	Defra and Chemicals Regulation Directorate	Defra	Short-medium term	Growers Researchers Environment Agency NFU
Industry strategy to protect a unified well-invested R&D facility	Industry and Agriculture and Horticulture Development Board (AHDB)	Task force	Short-medium term	Researchers Growers Defra NFU
Abolish Agricultural Wages Board	Parliament	Defra	Short-medium term	Growers Agricultural employees NFU
Work with services like Business Link to provide appropriate advice and support to growers	Industry and BIS	Task force and Defra	Short term	Growers AHDB NFU Business Link
Panel to champion financial needs of sector	Industry	Task force and AHDB	Short-medium term	Financial services Growers NFU

Efficient supply chain

Proposal	Can be achieved by?	Responsible Owner	Timescale	Involved Parties
Clearer practical rules on	Defra and Rural	Defra	Short-medium	Growers NFU

operation of EU Fruit and Vegetables Aid scheme	Payments Agency (RPA)		term	European Commission
Levy boards to play a role in providing independent advice on the market and growing conditions	Industry – could be agreed by task force	Task force to liaise with AHDB	Short-medium term	Growers AHDB levy bodies
Best practice in ordering timetables to be drawn up	Industry – could be agreed by task force	Supply chain subgroup	Short term	Retailers British Retail Consortium (BRC)
Supply chain efficiency incentives	Defra	Defra	Short term	Retailers Growers Producer Organisations (PO) Institute of Grocery Distribution (IGD)
Produce a Guide to the Wholesale Sector	Industry – could be agreed in task force	Fresh Produce Consortium (FPC) and National Association of British Market Authorities (Nabma)	Short-medium term	Wholesalers Public procurement Growers
Extend Business Development Manager programme for wholesale markets	Industry, BIS, CLG, other public sector bodies.	FPC and Nabma	Short-medium term	FPC Nabma Wholesale markets Existing Business Development Managers

Increasing consumption

Proposal	Can be achieved by?	Responsible Owner	Timescale	Involved Parties
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Explore how to better use Change 4 Life to promote 5 A Day and potatoes	DH	DH	Short term	Retailers Growers NFU
Evaluate Food Dudes programme	DH and Wolverhampton PCT	DH	Short term	Food Dudes Primary Care Trusts Schools
Promote best practice in whole category marketing campaigns	Industry – could be agreed in task force	Task force	Short term	Growers Marketers Retailers NFU
Include frozen fruit and vegetables in Healthy Start and promotions of healthy frozen/canned fruit and vegetables	DH, Industry – could be agreed in task force	DH, retailers, BRC, Nabma and Association of Convenience Stores (ACS)	Short term	Retailers BRC Nabma ACS
Include ‘healthy’ composite foods in 5 A Day licensing scheme	DH	To be led by DH	Short term	IGD Retailers Processors
Align VAT with fruit and vegetable consumption objective	HM Treasury	To be led by DH	Medium term	HM Treasury Industry stakeholders
Support Grow Your Own including proposals to make land available and gardening within schools	CLG, Defra and Department for Education (DfE)	CLG	Short term	Royal Horticultural Society (RHS) Local authorities Construction industry Schools Allotment groups Conservation groups Natural England

5. A competitive supply base

5.1 Although there are serious difficulties facing horticultural production in England, as exemplified in research by EFPF⁴ showing that growers reported margins of less than 2.5% the task force believes that there are also great opportunities. The task force has identified a selection of measures which have the potential to create a significant increase in the domestic production of fruit and vegetables without additional cost to central government. These proposals include lifting a small number of regulatory burdens and putting in place the machinery to better develop skills, support research and development (R&D) and improve access to finance.

5.2 Fruit and vegetable growing has become a high risk, low reward industry. The Competition Commission's investigation of the fruit supply chain found that growers had been taking a decreasing share of the retail price of apples, pears and strawberries during the last ten years^{viii}. Analysis by Defra^{ix} shows that within horticulture, specialist fruit farms have had consistently unfavourable returns from capital over the last six years, with a large proportion of these farms returning negative incomes over this period. Other horticultural farms (including ornamental production) have fared better, but even then, around one quarter of these farms have returned negative incomes over the period. It is only the glasshouse farms that consistently show good returns on their capital spending. With low margins and the high capital requirements of competitive and sustainable modern growing techniques, growers are discouraged from re-investing in their business. This means that even if current barriers to borrowing were lifted, there may not be the demand from many growers to take the risk of investing for the future.

5.3 The measures proposed below aim to increase UK growers' competitiveness by lifting cost burdens as well as to make possible further innovation and development within the industry.

Reducing regulatory burdens

5.4 The task force's interim proposals include measures to reduce regulatory burdens and to align Government and public sector actions more closely with the industry.

Reducing planning burdens

5.5 The recent food price spikes around the world and launch of the Food 2030 Strategy made sustainable food security and production a priority. However, the task force noted that food production is not specifically mentioned in planning guidance

⁴ *Driving Change in the Fresh Produce Sector Interim Report*, January 2010. This work was commissioned by Defra.

as a role of the countryside, making it difficult for planners to take this in to account when weighing up complex and conflicting demands for land.

5.6 The adoption of modern farming techniques such as polytunnels, winter storage reservoirs and crop covers is an important part of maintaining and increasing competitiveness as well as enhancing sustainability. In addition, glasshouses, seasonal workers' accommodation⁵ and processing facilities⁶ can all require planning permission.

5.7 These planning battles can generate well organised and financed objections and it can now take several years to determine them due to requests for additional information and delays. This creates costly processes for local planning authorities and risks of legal challenges and growers are missing production seasons, being effectively in limbo in terms of business planning. The number of expert reports now required and the uncertainty of interpreting planning policy in this area means that consultants' fees for even small growers can be over £100,000 and in a number of cases have exceeded £200,000^x, with no guarantee of success. Task force members felt strongly that improving the planning situation for food production is essential for many crops in order to compete against imports.

5.8 The task force believes that the planning process can be streamlined at minimal costs. This should reduce the administrative burden to farmers without reducing the important role of local decision making. The task force proposes:

- 1) A statement expressing the importance of domestic food production in the countryside is included in national planning policy.
- 2) CLG review the evidence requirements for farmers when applying for planning permission to ensure that the requirements are consistent with the scale and permanence of the development
- 3) An updated Guide for Farmers is produced to guide farmers, local authority planners and councillors through the planning process⁷ for a range of matters including polytunnels and accommodation.

Providing for the availability of seasonal labour

5.9 Fruit and vegetable crops are wholly or partly hand-harvested, and many husbandry tasks such as planting and pruning also require manual labour.

⁵ Temporary accommodation for seasonal farm workers is categorised as permitted development only within strict guidelines including a requirement that the site must be cleared when it is not being used for the seasonal worker. For this reason, growers wishing to improve the quality of this accommodation by putting in place hard standings and amenity blocks are required to apply for planning permission.

⁶ Food processing can require planning permission depending on the size and nature of the processing involved.

⁷ This would replace and update the current 'A Farmer's Guide to the Planning System' produced by ODPM in 2002.

Production therefore depends on the availability of seasonal labour. Seasonal labour is distinct from migrant labour which generally means people settling in the UK all year round. For many years, the availability of local seasonal labour has declined and the seasonal horticultural workforce has come from outside the UK^{xi} – from other EU countries and via a licensed scheme called the Seasonal Agricultural Workers Scheme (SAWS).

5.10 EU Workers Registration Scheme (WRS) data has shown a downward trend in the numbers of A8 nationals⁸ coming to the UK to work in agriculture and horticulture since 2006^{xii}. Consequently, the industry is concerned that an improvement in the UK economy could once again lead to shortages of seasonal labour for horticulture, (as labour is drawn back in to other sectors of the economy such as construction) if there is no specific scheme to encourage workers in to this area. SAWS⁹ is a managed, highly regulated scheme which arguably substituted permanent immigration. In its original format the scheme engaged with predominantly agricultural college students, and brought other benefits to both employer and employee and to rural communities. Participants to the scheme return home at the end of their clearly managed work visa period. The original scheme offered students an opportunity to earn money, improve their English and, for some, learnt skills which they could take back to their home countries in order to establish their careers in horticulture. Recent changes to the SAWS limited the scheme to nationals only from Romania and Bulgaria¹⁰. The task force proposes that a new SAWS is introduced based on the format on the original scheme when the current one expires in 2012 following the expected removal of transitional arrangements for Romanian and Bulgarian nationals.

5.11 The task force also believes that more must be done to encourage British citizens to undertake seasonal work. This could include adapting the welfare system to encourage those in receipt of benefits to respond to growers' need for short term labour as a positive step towards leaving the benefits system, without financial undue disincentives.

Sustainable use of water

⁸ Citizens from the eight states that joined the EU in 2004.

⁹ The scheme allows farmers and growers in the UK to recruit workers from Romania and Bulgaria to undertake short-term agricultural work. Farmers and growers who participate are allowed to employ a fixed number of workers through the scheme each year. In 2010 and 2011 the quota is 21,250 places. Participants are allowed to work in the UK under the scheme for up to six months. Workers are paid at least the Agricultural Minimum Wage and will be provided with approved accommodation by the farmer or grower employing them. Traditionally many of these places have been filled by students. The scheme is scheduled to remain in place until the end of 2011 at the current quota level of 21, 250 while transitional arrangements exist for wider access to the UK labour market for Romanian and Bulgarian nationals (the position is currently due to be reviewed at the end of 2011 when special circumstances could allow for a further two year extension on the restrictions on A2 nationals.

¹⁰ SAWS was originally intended for persons from outside the European Economic Area and originated as a youth work experience programme.

5.12 Horticulture (and agriculture) is a minor user of water (accounting for about 1% of the total water abstracted^{xiii}) but the usage of water for irrigation is concentrated in the drier parts of the country and peaks during the summer months and so the overall impact of agricultural water demand is likely to be significantly greater than the figure of 1% implies. Between June and August, there are a number of areas where the agricultural demand is greater than the summer availability of water^{xiv}.

5.13 Water used for irrigation makes a huge contribution to the rural economy. In many parts of the country it is vital to ensure crop yield and crop quality (particularly at key stages of growth) and has an important role to play in reducing imports of some fruit and vegetables (including potatoes) and has an important influence on land values. Unfortunately, in times of drought, irrigated food production can be last in line when it comes to the allocation of available water supplies. The task force proposes that Government policy recognises the need for available water for horticultural use. This should include supporting water abstractor groups, winter storage reservoirs and allowing water abstraction licences to last at least 24 years.

Supporting future growth

5.14 Applied research is crucial for the industry to keep pace with competitors in levels of efficiency and to attract customers through innovation as well as to deal with challenges from pests, diseases and climate change. Investment in R&D, skills development and the changes proposed by research all require financing. The task force has considered whether the systems are in place to provide sufficient R&D, skills development and finance for the present and to encourage future growth.

Innovation and R&D

5.15 Lack of consistent funding has led to a reduction in R&D capability. There has been no overall strategic view on what is the minimum requirement to support UK horticulture in terms of expertise and facilities and so there are now three weakened R&D facilities for commercial fruit and vegetable crops. Unfortunately project-only funding is not sufficient to maintain facilities and retain expertise. Consequently, reductions are occurring in an unplanned manner and the future of Warwick HRI is currently uncertain¹¹.

5.16 The Horticulture Development Company (HDC)¹² continues to supply vital funding for applied research targeted at the more immediate needs of the production

¹¹University of Warwick are proposing creating a single School of Life Sciences which would include the Wellesbourne campus which currently carries out near-market horticultural R&D. Warwick have committed to using Wellesbourne until at least 2012. It is anticipated that up to a third of existing posts will be lost during any restructuring and facilities are also at risk. There are concerns that the plans for the new School do not appear to include horticulture and that facilities and expertise that are important to the vegetable and protected crops sectors in the UK could be lost.

¹² Part of the AHDB.

industry through its sector panels; however, the amount collected by the compulsory grower levy does not provide sufficient funding to underpin all of the required expertise and facilities. Funding for potato R&D, through the Potato Council is also under similar restraints.

5.17 The Technology Strategy Board (TSB), together with Defra and the Biotechnology and Biological Sciences Research Council (BBSRC) is supporting a new Sustainable Agriculture and Food Innovation Platform for collaborative R&D funding with industry over the next five years. Defra will be reinvesting funding that becomes available as projects finish in the LINK programmes (including HortLINK) in this new programme, for which total government investment of up to £90m is available. Additional funding for agriculture is clearly good news for the industry but although horticulture can make contributions under these themes there is unlikely to be a specific horticulture theme.

5.18 The problem of translating research into practice was highlighted in a recent Environment Food and Rural Affairs Select Committee report^{xv}. Advice services are provided by a combination of independent consultants, agrochemical companies, ADAS and by crop technologists employed by producers. Unfortunately, the 'knowledge pipeline' to translate research in to practice for horticulture is under strain. Certain areas of business may not be profitable for ADAS, and many independent consultants are nearing retirement, often with no successor. In some sectors, such as soft fruit, POs have picked up this function with great success.

5.19 The task force has identified innovation as essential to overcoming the barriers to increased production. The five elements of R&D considered by the task force are:

1) Research priorities

- Members of the subgroup took part in a workshop with other growers to consider industry priorities and agreed to support many of the priorities recommended in the National Horticultural Forum's (NHF) December 2009 research for Go-Science^{xvi}.

2) Crop protection approvals

- Climate change leading to the rise of new pests and diseases, consumer attitudes to pesticide use and the EU driven withdrawal of certain control chemicals means that novel methods of crop protection are essential if the industry is to compete. Approval of new alternative non chemical means of control is slowed by regulation and administrative process. The task force proposes that this system and process of approval is reviewed.

3) Capacity

- The task force believes that the HDC should afford preferred contractor status to a unified 'platform' of horticultural R&D provision.
 - The platform of research provision must be financially stable to attract and develop skilled research and support staff, and to maintain appropriate buildings and research plots.
 - The task force also believes that retailers ought to be encouraged to invest in this provision.
- 4) Ensuring that fruit and vegetables has its share of TSB funding
- The task force believes that there may be scope for better coordination in how horticulture approaches the TSB. There is also the potential for ring-fencing of TSB funding for horticulture.

Improving skills

5.20 In addition to the need to secure seasonal labour availability, there is also a significant need to attract young people to work in the industry and to raise skills throughout the supply chain. The oft-quoted belief that horticulture is a low skill area makes it difficult to attract new entrants and too often career prospects are not well advertised. The task force has proposed that the Government recognises in future skills policies that agriculture and horticulture are skilled industries.

5.21 Due to lack of demand by students the majority of land-based colleges no longer deliver any qualifications to the commercial fruit and vegetable production sector. Although larger businesses do tend to invest in additional training, it is often minimalist, meeting specific requirements for the role rather than leading to full qualifications. It is also in the area of higher technical expertise that there is a skills deficiency, which is becoming more exaggerated as this is also an ageing work force, without succession planning to replace these experts.

5.22 The AgriSkills Forum's *Towards a New Professionalism: for food security and a sustained environment – the skills strategy for agriculture and horticulture*^{xvii} is working on developing a framework to deliver, record and validate existing skills provision and continuous professional development. The production subgroup intends to carry out more work on proposals to raise skills in the industry. The task force has also expressed support for ongoing work on this issue including the GRoW website¹³ which provides a one stop shop for young people at the point of choosing a career and the introduction of the land based 14-19 diploma.

5.23 In order to improve the competitiveness and flexibility of employment opportunities, the task force proposes that the Agricultural Wages Board (AWB) is abolished. This body, established in 1948, and the last of its kind from that era, adds

¹³ www.growcareers.info. This web portal was produced by the industry, with careers advisors in partnership with IGD and government departments.

a regulatory layer to national and EU employment legislation. Agriculture and horticulture are thus disadvantaged compared to other sectors. Work welfare is regulated through other mechanisms such as national legislation, the Gangmaster Licensing Authority and, crucially, ethical trading protocols required by customers and consumers. The development of a progressive ladder for horticulture skills has not been successfully promoted by the AWB and would be better promoted through industry and government collaboration. Abolition would allow flexible working practices such as annualised hours to deal with seasonality of production, and give employers the chance to develop people according to their skills and career paths.

Improving access to finance

5.24 As discussed earlier, the issue of fair returns to growers must be addressed if growers are to have the confidence to invest in their businesses. However, when a grower is willing to borrow to invest there are barriers. The main ones are a lack of understanding of horticulture within banks themselves and the poor financial controls and systems within many horticultural firms.

5.25 There is significant variation in the levels and quality of financial systems and controls within horticultural businesses. A good quality business plan can be crucial in securing capital finance. The problem is compounded by insufficient quality independent and proactive professional advice in the sector and/or lack of knowledge of how to access those that do exist. The task force recommends promoting the business management training courses to the industry. The task force also recommends that growers make much greater use of business support and advisory services, including publicly-funded online resources, and that the industry works with Government to ensure that such services are accessible to growers in the future. For example, the Business Link website or equivalent should also list all of the existing grants available to growers.

5.26 Within the credit functions of many banks, there is a lack of understanding of horticulture. Proving serviceability is very difficult for horticultural businesses because growers rarely have firm contracts with multiple retailers. The task force proposes that a panel be established to champion the needs of horticulture within the finance industry. The panel should be made up of representatives of those currently providing professional advice to the fruit and vegetable sector and could consider setting targets for lending to the sector.

6. Efficient supply chain

6.1 An efficient supply chain is one in which waste is minimised, the required standards are met consistently and members of the chain are able to invest in their businesses and in improving the efficiency of the chain. If companies are to have the

confidence to invest, they require adequate returns on their investment and commitment from further along the supply chain

6.2 The task force has identified proposals which will expand the routes to market for domestic growers, giving them an opportunity to increase their returns, and proposals which will improve collaboration to reduce waste and inefficiency and provide the trust and commitment required within the supply chain.

Supporting collaboration

6.3 Alongside the task force work, Defra commissioned English Food and Farming Partnerships (EFFP) to carry out a study on the current state of the fresh produce industry and, in particular, the operation of the EU Fruit and Vegetables Aid Regime in the UK (providing aid to Producer Organisations).

6.4 The task force has identified collaboration as one of the central methods to give growers the ability to negotiate with retailers from a position of strength. This is essential for growers to gain sufficient returns and terms of trade. Many growers involved in the task force, and who contributed to EFFP's research, cited a lack of confidence and commitment in UK production from retailers as a major problem for the future of the industry. Where there has been marked collaboration, as in the soft fruit sector¹⁴, real benefits of increased market growth have resulted. The benefits of collaboration include economies of scale which allow growers to serve the customer more effectively and reliably, improved knowledge transfer and the ability to fund shared resources such as agronomists and marketing campaigns. However, the general structure of the UK industry is very fragmented. There are a large number of dispersed growers who appear to be in a weak selling position while the small number of large retailers appear to be able to procure very efficiently due to their scale and dominance often through marketing desks rather than directly from growers.

6.5 At present collaboration in the sector is encouraged by the EU Fruit and Vegetables Aid Scheme¹⁵ through support for Producer Organisations (POs).

¹⁴ KG Growers (a Producer Organisation within the soft fruit sector) has seen membership numbers and sales rise significantly in the past decade, increasing turnover from £18m in 1995 to £117m in 2008 driven by a strategy of product and production innovation and customer service (EFFP interim report January 2010).

¹⁵ The EU Fruit and Vegetables Regime as set out in the Single CMO (Common Market Organisation) of agricultural markets has the aim of increasing market orientation among EU growers whilst increasing growers' competitiveness in the supply chain, particularly when dealing with major purchasers such as retailers. In order to achieve this, the Regime provides financial support under Pillar I of the CAP for Producer Organisations (POs). POs are legal entities, formed on the initiative of growers, and officially recognised by the Member State in which they operate. Membership of a PO can be drawn from all parts of the country or indeed from other EU Member States. They and their members must have general aims of promoting the use of environmentally sound cultivation

However, this scheme has not been successful in changing the shape of the UK fresh produce structure. Instead of creating a few large POs, the UK has a larger number of very small and much weaker POs which are unable to negotiate effectively with retailers. This is due, in part, to the structure of the UK industry¹⁶ and also the legacy of arrangements which perpetuate the situation. Only 35% of UK produce goes through POs compared with 90% in the Netherlands. However, the administration of the scheme is currently in some difficulty with potential costs to growers and Defra. The judgement in a recent European court case resulted in the Rural Payments Agency suspending a number of POs and Defra has been forced to introduce new policy on PO recognition criteria. The uncertainty this has created among POs and growers has been extremely serious. The task force proposes that a review of the PO scheme must produce much clearer rules about how POs should be designed and managed and that the Rural Payments Agency must support POs in meeting these requirements. It is essential that the scheme does not result in the proliferation of many weak POs, and that growers see co-operation, and in turn POs, as their most effective route to market.

Improving supply chain relationships

6.6 The experience of the task force suggests that good communication between suppliers and their customers, most notably major retailers, has benefits for all sides. Conversely, growers find it difficult to plan their business without this good communication and without agreed terms from their customers in advance. The task force believes that there is much more that could be done to help build trust along the supply chain.

6.7 The Grocery Supplies Code of Practice (GSCOP) now requires a written record of negotiations which will go some way towards helping to deal with this issue. However the GSCOP only applies to direct relationships with retailers, not through intermediaries which means that a large proportion of fruit and vegetable supply chains is excluded from the remit of the Code. Marketing intermediaries sell on commission; they dictate the commission rate and negotiate the price with the supermarkets, passing the balance to the grower. Where these intermediaries are grower owned marketing groups or are owned by POs, they return the profits to

techniques and waste practices. They must also have one or more of the following aims: ensuring that the organisations, production is planned and adjusted to demand; promoting the concentration of supply and the marketing of members produce; optimising production costs and stabilising producer prices. Once recognised, POs are able to access EU aid to part-finance approved multi-year operational programmes aimed at improving the quality, marketing and end value of the produce; and which encourages the use of environmentally friendly production and waste practices.

¹⁶ EFP identified the following features: reliance on intermediary businesses to access many fresh produce markets restricted the autonomy that a PO had to control its own operational activity, restrictions placed on a PO by retailers restricting the autonomy of the PO in its marketing decisions, existence of large scale grower-packers, who often source produce from other growers, can create a situation where one grower exerts undue influence within a PO.

growers. Otherwise the profits are returned to shareholders as dividends. The significant proportion of the horticultural supply chains which depend upon non-grower owned marketing intermediaries will not be affected by the introduction of the Grocery Code Adjudicator.

6.8 Collaboration between growers, including owning the intermediary businesses is the primary way for growers to regain control over negotiations with retailers. It is important that if a new Grocery Code Adjudicator is established following the ongoing consultation, it develops a deep understanding of how these supply chain trading relationships work for the entire fruit and vegetables sector so that excessive risks or unexpected costs¹⁷ are not passed back to suppliers in a way which may affect suppliers' willingness to invest or innovate as outlined in the conclusions of the Competition Commission investigation^{xviii}.

6.9 The task force proposes that levy boards, following the example of the Potato Council, should consider providing independent market information to improve trust within the supply chain. It also proposes that retailers review best practices for ordering cycles for different commodities to ensure that suppliers are able to plan effectively. This should involve suppliers, logisticians, retailers and seed houses. The supply chain subgroup of the task force intends to carry out more detailed work on this proposal.

Improving supply chain efficiency

6.10 IGD's Food Chain Centre carried out a Defra-funded project between 2005 and 2007 to identify waste in fresh produce supply chain¹⁸. It concluded that the fresh produce industry was collectively wasting £400m per year. Since that time, many of the companies that took part in the project have gone on to embed lean thinking into their business. However, the pilot programme was limited and the uptake of these approaches by the industry is still in its infancy.

6.11 The task force believes that there is scope for these approaches to efficiency to be applied to horticultural supply chains, particularly for small and medium sized enterprises. However, awareness of potential benefits is low and the initial costs of

¹⁷ The Competition Commission found that retrospective adjustments to the terms of supply were the principal manner in which excessive risks or unexpected costs were transferred through price adjustment after goods have been ordered or delivered and requirements for financing or promotions that were not agreed with the suppliers. The Competition Commission found that these retrospective adjustments were likely to diminish significantly suppliers' incentives to fund investment for the development of new products or improved production processes. It was concerned that the current levels of innovation or investment would not be maintained in future if the observed practices were to continue. Retrospective adjustments to terms of supply were then banned in the new GSCOP.

¹⁸ The project was applying a 'lean thinking' approach. The crux of the approach is to develop a 'value stream' map which charts for individual or groups of products where value and waste arises in the supply chain and to develop an action plan comprising improvement opportunities. There are also similar approaches available to improve supply chain efficiency, in addition to 'lean thinking'.

starting this work can be off-putting to firms with very tight margins with a three month project costing around £40,000^{xix}. The task force proposes identifying ways in which supply chain efficiency incentives (loans or grants) to pump-prime the work could be made available to chains wanting to do this analysis.

Expanding routes to market

6.12 The task force believes that expanding routes to market for English fruit and vegetables will increase the general competitiveness of the industry. With meals eaten outside the home a major and growing part of the food industry, the task force's work on routes to market primarily focused on the links with the wholesale industry. Wholesale markets are used by smaller restaurants and catering companies to source produce. In some cases, the NHS and other public procurers source their produce from companies who themselves source directly from wholesale markets. If domestic products are not available at the market, the customer may not be able to source them.

Opening up the wholesale sector to domestic growers

6.13 The task force believes that wholesale markets represent a significant potential market opportunity for domestic growers. Wholesale markets sell food not just for traditional street markets but also for catering and public procurement, a significant and growing area. The Fresh Produce Consortium (FPC) estimates that the value of the fruit and vegetables market in wholesale and food services is £2.42bn p.a.^{xx}. Although the task force has been unable to find statistics on the proportion of fruit and vegetables from the UK that pass through wholesale markets, qualitative research for both the 1994 Strathclyde report and from a recent survey by the Fresh Produce Consortium (FPC) and the National Association of British Market Authorities (Nabma) found that wholesalers reported significant problems when working with UK suppliers¹⁹.

6.14 It may be that some growers treat wholesalers as the outlet of last resort. This supports anecdotal evidence that wholesalers source more of their produce from overseas. For their part, some growers report concerns with the financial stability of some of the wholesale companies they had dealt with, citing them as a credit risk in comparison with the major retailers. It is likely the distance in the relationships between many domestic growers and the wholesale sector is, in part, due to the requirements of highly efficiency supermarket supply chains who source by product, whereas the wholesale chains have a range of sources including importers, consolidators and individual growers.

¹⁹ Wholesalers views in the Strathclyde report were that UK growers often only supplied to wholesale in periods of excess availability, deliveries were often unplanned; growers were unwilling to plan production with wholesalers and treated markets as an outlet of last resort.

6.15 The task force has identified measures that would encourage domestic growers to engage with wholesale markets by:

- Highlighting the potential opportunity to growers
- Putting in place measures to help build links between wholesalers and growers

Their proposals include producing a guide explaining how an individual grower could access the sector, introducing Business Development Managers for wholesale markets outside London and supporting and expanding local food hubs.

Public procurement

6.16 Public procurement of food is worth approximately £2bn per year. This represents a real opportunity to increase demand for sustainable and healthy food. Where domestic producers are competitive, this should also result in support for sustainable domestic production. The task force recognises that public procurement operates under significant constraints - EU procurement rules and Treaty principles do not allow Government to specify British or local produce in its contracts. However there are ways in which local and regional suppliers can be encouraged to bid for public contracts. These include removing the barriers that prevent small businesses from accessing public procurement opportunities or by specifying seasonal, fresh produce. The latter is particularly beneficial for both parties because food which is in season also tends to be better value for money. It accepts that under procurement rules, the public sector must only ask suppliers for what is relevant to the contract and that the award is on the basis of value for money. It is important to remember that these rules prevent protectionism and are important for a trading nation such as British, which needs access to export markets. Where there is a clear link to the quality of the product, it is still possible to buy food to higher standards, including British standards. In such cases, equivalent standards must also be accepted to avoid being discriminatory.

6.17 There are already several projects underway to improve the sustainability of public procurement. The Office of Government Commerce (OGC) and the Public Sector Food Procurement Initiative provides guidelines to advice public procurements on how to help small and local business apply for contracts but there are concerns that it has not led to a change in procurement behaviour. OGC has also begun a Collaborative Food Procurement Programme which aims to reduce costs and increase sustainability. In addition a Healthier Food Mark is under development.

6.18 The task force recommends that public procurers include environmentally sustainable options within their Value for Money principles when awarding tenders. Within the domestic season this should support domestically produced fruit and vegetables. In addition the task force proposes that public sector caterers should consider how best to encourage their customers to include fruits and vegetables in

their purchases. This could include offering 'meal deals' including two vegetable portions rather than charging separately for them. Schools have already taken huge steps to offer healthy meals and the task force believes that there is scope for improvement in other public sector catering. The task force notes the recent publication of the Conservative party's *Sustainable Food Procurement in the Public Sector* task force report. The task force intends to do further work on the issue on public procurement and will also consider the proposals in this report.

7. Increasing fruit and vegetable consumption

7.1 Evidence suggests that people who eat at least 5 portions of a variety of fruit and vegetables are less likely to develop chronic diseases such as coronary heart disease and some cancers. The 5 A Day programme has been successful in raising awareness of the need to eat more fruit and vegetables and a range of interventions are underway to increase consumption however more work is needed to achieve behavioural change. A Government commitment was made to produce a 5 A Day Action Plan, led by Department of Health (DH), to try to achieve this behaviour change. The task force's proposals to increase fruit and vegetable consumption are designed to feed in to this Action Plan and in to the Change 4 Life programme. The Change 4 Life programme has taken a partnership approach, working with communities, companies and the third sector to help people choose a healthier lifestyle.

Behaviour change

7.2 Increasing consumption requires behaviour change. Behavioural change is not just influenced by TV campaigns or by point-of-sale advertising but is crucially influenced by produce being available reliably, of good quality and taste so that it is not thrown away, to represent good value for money and to be in a format that the consumer can prepare or consume easily. For the domestic grower to take advantage of increased demand, this means competing effectively against imports on all these grounds.

7.3 Experiences from Change 4 Life and other lifestyle-related behaviour change campaigns indicate that telling people what they should do (or even increasing desire to do the behaviour) is insufficient actually to change behaviour. To be effective, marketing needs to work throughout the behaviour change journey by:

- Reinforcing positive decisions (for example via in-store signage);
- Providing opportunities to try new things, via tools (such as the Snack Swapper wheel²⁰);
- Signposting to services (such as cooking classes);

²⁰ A tool which suggests alternative 'healthy' snacks to replace 'unhealthy' ones. It is available online and in a wheel.

- Supportive choice architecture e.g. school food regulations to require schools to provide a portion of fruit and vegetables for each child that has a school lunch;
- Working with partners to provide marketing incentives and
- Normalising positive behaviours by making people aware that other people already do them (for example via employee health and wellness programmes and fruit baskets at work).

The task force proposes that Change 4 Life uses this learning to consider how best to promote the 5 A Day campaign.

7.4 The task force has debated whether potatoes should be included in the 5 A Day scheme. Potatoes, cooked without fat, are undoubtedly a healthy option, providing energy, fibre, B vitamins and potassium. Diets proposing reduced carbohydrate consumption, has led many consumers to believe that potatoes are unhealthy or to be confused. At present potatoes are not counted towards the recommended 5 A Day for fruit and vegetables partly because in the UK they are eaten primarily as the starchy carbohydrate aspect of a meal and partly because the epidemiological evidence which underpins the 5 A Day message did not include potatoes within the analysis that identified the reduced risk of disease. This debate remains ongoing within the task force and will be the subject of further discussion between stakeholders. However, the task force does believe that campaigns such as Change 4 Life and 5 A Day have the potential to further promote potatoes as a healthy and vitamin rich carbohydrate. The task force has proposed that DH provides positive messages to consumers through Change4 Life about healthy ways of eating potatoes. This could include promoting awareness of their nutritional value and sustainable production as well as in simple low cost recipes.

Evaluate Food Dudes

7.5 To complement research carried out on the School Fruit and Vegetable Scheme, on the behaviour impact of school based fruit and vegetable interventions, DH commissioned Wolverhampton PCT in 2009 to evaluate the Food Dudes Healthy Eating Programme being undertaken in its area. The pilots, which commenced in June 2009, involve a total of 20,000 primary school children in Wolverhampton over three years.

7.6 Wolverhampton PCT has commission Worcester University's Psychology Department to undertake the evaluation. It will be a longitudinal study to enable an independent view of the sustainability of the programme. Seven schools and one special school in Wolverhampton West Midlands area will be studied, together with a control group of the same size. There will be two evaluation methods used: a weighing method²¹ within the schools, and a method using diaries out of the school

²¹ Weighing the food purchased at school.

environment which will cover any potential changes to eating within the home. The evaluation is expected to be published in November 2011.

Collaborative industry promotions

7.7 One of the benefits of collaboration is the ability to run marketing programmes to grow demand for the entire fruit or vegetable category. Where this is successful, increasing consumer demand also gives the category a larger quantity of supermarket shelf space and gives growers the incentive to reinvest in their production. Where domestic production is competitive within season, this increase in demand means increased sales of domestic product.

7.8 British Summer Fruit's Seasonal Berries campaign is one such example. It is funded by UK and overseas soft fruit marketing companies and importers and promotes soft fruit all year round, promoting British during the British season and overseas products during their own seasons. This all-year approach successfully increased the market for soft fruit and guaranteed shelf-space for soft fruit within retailers. Yes Peas!, Love Potatoes and the cross-industry Eat in Colour are similar success stories. These campaigns rely on traditional marketing techniques rather than large advertising budgets and have included collaborations with the Scouts Association (introducing a healthy eating badge for Beaver Scouts), with primary schools (through a Grow Your Own Potatoes programme which involves 11,300 schools), news campaigns and websites.

7.9 The task force believes that these collaborative campaigns are examples of best practice. It proposes that other parts of the industry follow these examples to promote more fruit and vegetables products direct to the consumer.

Promoting frozen foods

7.10 The least greenhouse gas intensive fruits and vegetables are seasonal field grown UK produce cultivated without additional heating or protection, which are not fragile or easily spoiled. The energy cost of freezing, transporting and storing frozen foods is significant. However because fruit and vegetables are frozen quickly after harvesting, they retain nutrients like vitamins C and B and in some cases can maintain higher levels of vitamins than food sold as 'fresh'. Similarly, canned and bottled food can retain nutrients for a longer period although it should be noted that the impact of cooking can eliminate the potential benefit. Frozen fruit and vegetable products can help reduce waste and can be cheaper than fresh. However, although frozen fruit and vegetables provide a way of ensuring that domestic supply can last all year²², the market for produce for freezing is a commodity one rather than a high added value one and it is not always the case that frozen produce benefits domestic producers. There are some small scale processing facilities in the UK but large-scale

²² *Innocent* stated that it would be possible to source UK fruit and vegetables all year when sourced from frozen.

freezing companies have tended to locate outside the UK. Those within the UK are consolidating with major facilities now owned by overseas processors. Some encouraging of local freezing might help make more use of the crop, reduce food miles and increase choice in the frozen cabinet.

7.11 The task force proposes that the Healthy Start voucher scheme be extended to frozen fruit and vegetables that are without added salt, fat and sugars. The scheme provides vouchers for free milk, fresh fruit and vegetables, infant formula and certain vitamins to vulnerable or low income pregnant women and those with at least one child under four years old²³. The Department of Health is now exploring this, and if the recommendation of the task force is accepted by Ministers, will aim to take this forward via a formal consultation.

7.12 The task force also proposes that retailers are encouraged (by organisations such as the Association of Convenience Stores [ACS], the British Retail Consortium [BRC] and the National Association of British Market Authorities [Nabma]) to make a distinction in their on-shelf marketing between healthier and less healthy frozen and canned food.. Recipes including these products could also be highlighted in point of sale material. The task force believes that these steps would help consumers to understand that it is possible to eat their 5 A Day using some lower cost frozen and canned fruit and vegetables.

Widening the 5 A Day licensing scheme

7.13 Currently the 5 A Day logo may only be used to promote fresh, chilled, frozen, canned and dried fruit and vegetables and 100% fruit and vegetable juice. It excludes those products with any added fats, sugars or salt. However, the need for convenience is cited by consumers as a barrier to increasing fruit and vegetable consumption^{xxi} and the 2007 Health Survey for England found that the most common reason given to prevent changes to improve diet was 'I don't have enough time.'^{xxii} Therefore promoting convenient foods containing high levels of fruit and vegetables (known as composite), is one way to increase fruit and vegetable consumption.

7.14 The task force recommends that 'healthy', fruit and vegetable containing composite foods are considered for inclusion in the 5 A Day licensing scheme and so are able to display the 5 A Day logo. Consideration should be given to determine whether this approach delivers the intended outcomes and to investigate any unintended negative outcomes. The task force has not clearly identified the criteria for inclusion in the scheme. Department of Health (DH), with input from nutritionists and dieticians with input from industry²⁴ should develop the criteria. It is also hoped

²³ The family must be in receipt of Income Support, income-based Jobseeker's Allowance, Child Tax Credit with an annual family income of £16,040 or less. The vouchers are also available to pregnant young women under 18 years old.

²⁴ IGD have established an Industry Nutrition Group which has begun to develop Best Practice Guidance for Calculating the Fruit and Vegetable Content of Composite Foods.

that food manufacturers will adapt their recipes so that their products will meet the new criteria – a win-win on all sides.

Aligning VAT with fruit and vegetable consumption objectives

7.15 At present 100% fruit juice, smoothies and sweetened dried fruit for snacking are subject to 17.5% VAT. Cakes and non-chocolate covered biscuits are eligible for a zero rate of VAT. Given the need to help make the healthier option easier for consumers to choose, reducing VAT on healthier foods would help align taxation with this important policy.

7.16 Analysis of price elasticity studies²⁵ by *Innocent* suggests that a reduction in VAT to 5% on fruit juices and smoothies would increase the consumption of these products by 500 million units (in addition to the 7 billion portions of fruit consumed in these ways in the UK in 2006). Smoothies and fruit juice contain high levels of non-milk extrinsic sugar, which can damage the teeth and there is the potential for a considerable increase in sugar if predictions of increased consumption are correct. The Food Standards Agency (FSA) still considers fruit juice to be ‘a healthy choice’ but only one portion of 5 A Day and recommends that juices and smoothies are drunk at meal times^{xxiii}. *Innocent’s* calculations put the revenue from VAT on juices at £175m. Given that VAT increases (for example on cakes or biscuits) are likely to be an unwelcome prospect in these difficult financial times, we should consider some further work by the industry to assess whether this VAT change could reduce the cost of unhealthy eating to the NHS by 0.875% - this would make the proposal cost neutral. Any larger saving would make it cost saving.

7.17 The task force proposes beginning a dialogue with HM Treasury in order to consider with the VAT regime could be better aligned with food policy objectives for fruit and vegetables.

Supporting Grow Your Own

7.18 Growing your own food can play a role in reconnecting people to their food and helping consumers understand where their food comes from and its seasonality. It may also help people to move towards healthy eating and encouraging children to eat fruits and vegetables (although evidence is limited). In addition home production may bring mental and physical benefits and can also support biodiversity. Community growing projects may foster social cohesion and for children, growing food can support the educational curriculum and contribute to skills development. Home production is constrained by lack of access to land and by a shortage of skills

²⁵ The task force recognises that careful consideration should be given to price elasticity studies to examine the potential unintended effects of VAT changes.

and confidence. The task force proposes that Defra continues to work with CLG and DfE²⁶ to overcome these barriers.

8. Conclusion

8.1 The task force has identified a range of low cost proposals to remove the barriers to increased domestic production and consumption of fruit and vegetables. These proposals focus on:

- Removing regulation
- Sustaining R&D capability
- Improving skills and attracting new entrants in to the industry
- Encouraging collaboration
- Improving supply chain relationships
- Expanding market opportunities
- Changes to existing Government behaviour change campaigns
- Encouraging industry promotions
- Aligning VAT with the 5 A Day objective
- Supporting Grow Your Own

²⁶ Defra, CLG and DfE have already begun work to reduce the barriers to people growing their own food. This included funding the piloting of landbanks that would act as brokers between landholders and community groups, developing a meanwhile lease for land which would help provide land on a temporary basis for community groups and individuals wanting to growing and supporting the 'Growing School's project.

Appendices

Appendix 1

Organisations represented on the Fruit and Vegetables Task Force and subgroups

Agriculture and Horticulture
Development Board
Association of Convenience Stores
Bakkavor Group UK
Berry Gardens and KG Growers
British Dietetic Association
British Retail Consortium
CCD Public Relations
Centre for Environmental Strategy
City of London
Commercial Farmers Group
Compass
Cranfield School of Management
Department of Health
East Malling Trust for Horticultural
Research
Fen Peas Ltd
Food Standards Agency
Fresh Produce Consortium
Guild of Food Writers
IGD
Innocent Drinks
International Produce
JEPCO Ltd
Lantra
Lincolnshire Field Production
London Food Board
McCain Foods (GB) Ltd
National Association of British Market
Authorities
National Farmers Union
NHS Supply Chain
North East Improvement and Efficiency
Partnership
Office of Government Commerce
Peter Hall & Sons Ltd Organic Foods
Poupart Citrus
Q V Foods Ltd
RHS
School Food Trust
Stockbridge Technology Centre

Tesco
The Co-operative Farms
The Garden Classroom
University of Bangor
University of Reading
Waitrose
Warwick-HRI
Wm. Morrison Supermarkets Plc

Other organisations that provided evidence to the Fruit and Vegetables Task Force
and subgroups

Chavereys specialist accountants
DHL Supply Chain
English Food and Farming
Partnerships
New Spitalfields Market

Appendix 2

Proposed changes to national planning guidance

The task force understand that the coalition Government are committed to publishing a consolidated national planning statement The task force believes that such a document should include a statement about the importance of food production, encompassing:

- the production of increased quantities and quality of crops
- the maintenance of a sustainable, diverse and adaptable UK agriculture industry
- The provision of predictability of supply to the local and national food supply chain
- The importance of the positive contribution to the local and national economies.

Set out below is additional possible wording for such a statement

“A profitable farming industry producing as much food as possible whilst maintaining a high quality environment is a key feature of national government policy. This needs to be responsive to changing techniques and practices. The types of changes cannot be foreseen but may involve changes to our landscape. This must be seen in the context of a rural landscape which is ceaselessly changing in response to changing farming practices and pressures be it the major increase in arable cultivation in the late medieval period or the later enclosures which transformed the landscape.

Where this requires new buildings there should be a presumption in favour of granting planning permission unless there is harm to interests of acknowledged national importance.

Agriculture has always required seasonal labour in one form or another. Traditionally these have been relatively short term. Some modern agricultural practices now require more substantial labour inputs over a longer period. Applications to house such seasonal workers should be considered in the same way as other farm buildings.

Also any planning application that takes more than x hectares of agricultural land (whether in production or not at the time of the application) permanently out of agricultural production must be accompanied by a Food Security Impact Statement which will assess the long term consequences of removing the land permanently from agricultural production”

Appendix 3

Criteria for a new Seasonal Agricultural Workers Scheme

- Restricted to students only from outside the EU in accordance with government policy;
- Checks on arrival and departure for SAWS workers;
- Return agreements should be in place with the source countries;
- The scheme must include a strong educational, cultural and personal development bias;
- The scheme should have a specific set of standards (including educational component), subjected to an independent accreditation scheme;
- Meeting the scheme standards through accreditation to be a condition of the award of a SAWS operators' licence;

Appendix 4

Proposals for sustainable water use

- 1) Support for the establishment of water abstractor groups²⁷.
- 2) Where water abstraction licences are time limited²⁸, longer time durations of at least 24 years should be included. The investments made by growers have a write off period of at least 25 years but this is not reflected by the duration of a 12 year time limited licence.
- 3) Growers to continue to make use of funding from the Rural Development Programme for England for winter storage reservoirs.

²⁷ Where water is allocated and managed by collectively agreed arrangements, allowing existing resources to be used flexibly and making them go further.

²⁸ Since 2001 there has been a policy to grant new abstraction licences with a time limit, with a presumption of renewal and the 2003 Water Act made time limits a legal requirement. So far only 20% of all abstraction licences in England and Wales have a time limit.

Appendix 5

R&D Priorities recommended in the NHF's December 2009 research for GO-Science^{xxiv}

- 1) Health - Substantiate and quantify dietary, healthy and disease prevention benefits of a balanced diet to underpin marketing and procurement policies.
- 2) Short-term crop protection - To ensure that the industry has sufficient control methods for pests, diseases and weeds to provide acceptable efficacy, flexibility and options for pesticide resistance management.
- 3) Medium term crop protection – To include tailoring existing arable-based products for horticultural use and providing new methods of Integrated Pest Management (IPM), with registration assistance where appropriate. This should be delivered via demonstration programmes to growers.
- 4) Crop protection systems and technologies – For the medium/long term research should look at technology-based approaches integrating genetics and novel IPM options to deliver effective, sustainable and cost-effective control of pest, disease and weed complexes.
- 5) Genetic improvement - Deliver medium and long term solutions for pest and disease resistance, water and nutrient efficiency exploiting genetic resource collections via Genetic Improvement Networks (GINs).
- 6) Waste and soil health – Understanding and demonstration of impacts of waste streams such as green waste/biochar/compost/anaerobic digestion outputs being returned to land on crop systems and productivity and soil health.
- 7) C, N and P cycling in soils – Understanding what makes sustainable soils and how to improve productivity while retaining carbon locked in the soil.
- 8) Non-peat based growing media and the use of soilless media in protected cropping.
- 9) Current labour-reducing technology – Research into and demonstration of currently available technology combinations to deliver reductions in labour costs.
- 10) Future labour-reducing technology - Multidisciplinary research to develop and adapt generic solutions for vision systems, robotic handling and performance platforms for future adaptation to specific cropping systems.
- 11) Efficient energy, waste and water use – Short term requirement to develop, demonstrate and spread best practice through the production chain.

Appendix 6

Task force proposals to encourage domestic growers to engage with wholesale markets

- 1) Create a 'Growers' Guide to Wholesale'
 - a. Guide would explain how an individual grower could access the sector (including information about local food hubs where they exist) and set out monthly wholesale demand for each type of fruit and vegetable and how much of that demand was currently met by imported produce.
- 2) Press for the introduction of Business Development Managers²⁹ for wholesale markets outside London
 - a. Business Development Managers to continue in London (the Greater London Authority is intending to fund them until the end of March 2012) and to be introduced in other parts of the country. They would be tasked with building good links between domestic growers and wholesalers (both in wholesale markets and the circa 200 wholesale/food service enterprises that operate independently of markets) to increase the proportion of domestic fresh produce sourced through wholesale. This work includes identifying potential new local produce suppliers and facilitating linkages with wholesale tenants and helping overcome initial teething problems.
 - b. The task force will need to consider in more detail how this could be funded, including the possibility to raise funds from the wholesale sector itself and through local public funding³⁰. The existing Business Development Managers in London, through EBS Consulting which manages the programme, are in the process of discussing a wider expansion of the programme and Advantage West Midlands had previously expressed an interest in establishing a Birmingham Business Development Manager. The Business Development Managers and EBS Consulting³¹ plan to provide a commercially viable service in the long term with clear exist strategies for public funding bodies.
- 3) Extend local food hubs within wholesale markets to support local growers

²⁹ The Business Development Manager programme has been running for over 15 months in each of London's fresh produce wholesale markets. Their remit is to work with businesses at all stages of the London food supply chain to increase trade in local, regional and sustainable fresh produce that comes in to London through the wholesale markets. To date over 250 businesses have been supported by the Business Development Managers and a survey of supported business between January and March 2010 showed that the estimated annual increase in turnover per business as a result of this support was in excess of £100,000.

³⁰ The London Business Development Manager programme has been 100% funded by the public sector, first by the London Development Agency and more recently by the Greater London Authority.

³¹ A representative from Defra will be attending the steering committee.

- a. This recommendation is linked to the previous one. Well run local food hubs can simplify distribution, produce significant savings in carbon emissions and allow small producers to benefit from economies of scale.
- b. 'Supplying Local Food to Mainstream Customers'– a report by Henry Brown and John Geldard (August 2008) established that local food hubs have been shown to work well with supermarkets and recommended that any public funding (such as through RDAs and the Rural Development Plan for England) should, where possible, focus on strengthening existing hubs.
- c. The task force proposes that the possibility of building on existing local food hubs is investigated by Business Development Managers.

Appendix 7

Task force proposals to support Grow Your Own

- Access to land is promoted by support for ‘meanwhile leases’ as identified in *Food 2030*
- Garden land is no longer regarded as ‘brownfield’ and building on gardens is reduced
- An increased amount of land, and infrastructure such as soil quality, is allocated for fruit and vegetable production in planning proposals
- Defra to work with the DfE to ensure that gardening is embedded within schools and used as a tool to deliver the curriculum, including in secondary schools
- Summer holidays can be a constraint on school gardens and so the task force proposes that the extended schools programme offers an opportunity to link between existing Defra, CLG and DfE programmes
- Defra to support moves to coordinate initiatives that support school and community gardening such as land sharing and distribution of surplus produce.

ⁱ Rayner M and Scarborough P (2005), *The burden of food related ill-health in the UK. Journal of Epidemiology and Community Health*, 59, 1054-7. Quoted in the *First Report of the Council of Food Policy Advisors*. Calculation for 2009 by Defra based on calculation from *Food: analysis of the issues, The Strategy Unit, August 2008 (Cabinet Office)*.

ⁱⁱ Defra and ONS, *Living Costs and Food Survey 2008*

ⁱⁱⁱ The Lancet, Volume 375, Issue 9723, Page 1320, 17 April 2010

^{iv} Defra, HM Revenue and Customs, Adjusted National Food Survey data 1974-2000 and Expenditure and Food Survey 2001-2 onwards.

^v ADAS, Defra analysis of HM Revenue and Customs statistics.

^{vi} Council of Food Policy Advisors, *Food: a recipe for a healthy, sustainable and successful future. Second Report of the Council of Food Policy Advisors*, Defra, 2010. This figure refers to the whole agri-food sector which includes agriculture, fisheries and food and drink manufacturing.

^{vii} Council of Food Policy Advisors, *First Report from the Council of Food Policy Advisors*, Defra, 2009

^{viii} Competition Commission, *The supply of groceries in the UK market investigation – Final Report, 2008*, Appendix 9.6

^{ix} Defra, *Farm Business Survey*

^x Research by the National Farmers’ Union (NFU).

^{xi} Survey of 268 farms, quoted in ‘Staff shortages in immigration in agriculture’, Sam Scott with Ashley McCormick and Maja Zaloznik (University of Liverpool), July 2008. Prepared for the Migration Advisory Committee.

^{xii} UK Border Agency, *Accession Monitoring Report May 2004-March 2009, A8 Countries*

^{xiii} Environment Agency, 2005, quoted in ADAS, *The relationships between water availability and quality in the context of agricultural practices in England and Wales*, ADAS, prepared for Defra, 2007

^{xiv} ADAS, *The relationships between water availability and quality in the context of agricultural practices in England and Wales*, ADAS, prepared for Defra, 2007

^{xv} Environment, Food and Rural Affairs Committee, *Securing food supplies up to 2050: the challenges faced by the UK, Fourth Report of the Session 2008-09*, House of Commons, 2009

^{xvi} National Horticultural Forum, '*A Research and Development Agenda to support the UK Horticulture industry*', 2009.

^{xvii} <http://87.236.252.74/AgriSkills/AgriSkills%20Strategy.pdf>

^{xviii} Competition Commission, *The supply of groceries in the UK market investigation – Final Report, 200*,

^{xix} Estimate provided by IGD.

^{xx} Presentation by the FPC to the Supply Chain Subgroup, February 2010.

^{xxi} Innocent Drinks, *Opinion Health Consumer Survey. 5 A Day – Reality Nutrition Study of the Nation*. 2009.

^{xxii} The Health and Social Care Information Centre, *Health Survey for England 2007: Volume 1 Healthy lifestyles: knowledge, attitude and behaviour*, 2008.

^{xxiii} <http://www.eatwell.gov.uk/healthydiet/fss/sugars/>

^{xxiv} National Horticultural Forum, '*A Research and Development Agenda to support the UK Horticulture industry*', 2009.