Minutes of Supply Chain & Consumer Panel Meeting

Held on 18 October 2022 at Friends House, London.

Present:	Dr Tom Pickerell	Independent Chair
	Mike Berthet	Independent, Food Service; Deputy Chair
	Steve Challouma	Nomad Foods
	Andrew Crook*	National Federation of Fish Fryers (NFFF)
	Sophie De Salis	British Retail Consortium (BRC)
	Mark Drummond	Independent, Fish & Chip Sector
	Andrew Kenny	National Federation of Fishmongers
	Sarah Riddle*	Northern Light Consulting Ltd.
	Oliver Tanqueray	Client Earth (Seafood Sustainability Coalition)
	Julie Waites	Frozen At Sea Fillets Association (FASFA)
Seafish:	Marcus Coleman	Chief Executive
	Aoife Martin	Director of Operations
Board observers	Mike Sheldon (Board Chair)	
	Mike Mitchell*	
Minutes:	Helen Duggan (Secretariat)	
Apologies	Stuart Price	Nomad Foods
	Ingrid Kelling	Herriot-Watt University

*Virtual attendees

Welcome & Apologies

1. The Chair welcomed everyone to the meeting. A specific welcome was extended to Sophie de Salis who was attending her first meeting as BRC's nominated representative.

2. Apologies were received from Stuart and Ingrid. No declarations of interest were shared.

Minutes of Previous Meeting(s)

3. The minutes of 9 May 2022 were approved as a true record with no amendments required.

Action Tracker

4. Verbal updates were shared on two ongoing actions. The next steps agreed are summarised below:

   a) **Enjoy Fish and Chips nutritional data:** Helen explained that the nutritional data established as part of the Enjoy Fish and Chips project is still available in a long and detailed report. The tool that F&C shops could use to calculate business specific nutritional values, based on their own individual portion sizes and cooking methods, was housed on a Seafish-hosted micro-website that no longer exists. It was agreed that our Trade Engagement Manager, Andy Gray, will take this dialogue forward with NFFF, in the first instance, to explore what the options are for making any of the resources produced as part of this project more widely accessible to the sector again. The panel will be kept up to date on progress.

b) **Simple food management system for fishmongers:** Aoife and Andrew K discussed the need for a simple food management system for fishmongers, as what is currently available is too technical and not fit for purpose. The Food Standards Agency have confirmed they cannot help. It was agreed that the best way forward will be to approach SALSA (Safe and Local Supplier Approval) to develop something for the sector, as they do for others. Aoife will liaise with Andrew K to agree next steps.

5. Updates on Seafish' Carbon Footprint work and the Scottish Haddock supply project will be shared under agenda item 5. All other actions are complete.

Industry round up: how the economic and geopolitical environment is impacting the supply chain

6. Tom reiterated how important the insight shared by the Panels is to Seafish and the Board in guiding discussions on current industry priorities.

Food Service, including the Fish & Chip (F&C) sector

7. Commodity prices in the F&C sector seem to have stabilised but not fallen back. It is too early to tell what the impact of the Russia sanctions will be. A 6–8-month lag is expected due to frozen product already in the supply chain, and if demand drops due to the other pressures the impact may not be as high as predicted. The pressure small businesses are facing from rising energy costs is well documented; what government may do to support remains unclear.

8. Looking ahead there are further price rises likely for cod and haddock due to Barents Sea TAC reductions and limited quota. Everyone is keeping a watching brief on the MSC certifications at risk due to the situation with Russia. On a positive note, overseas owners are still investing in new vessels.

9. Businesses are still busy, especially at the high end of the sector. It is thought that takeaway F&C is seen as a good alternative to a more expensive meal out. The NFFF are planning a promotion campaign early in 2023, in partnership with the Norwegian Seafood Council.

10. There have been positive press articles promoting F&C. There has also been wide promotion of the NFFF's prediction that up to one third of F&C shops will close sooner than would otherwise been the case, due to the cost-of-living crisis.

11. Discussion acknowledged the long-standing issues caused by the inability to allocate a credible economic value to the F&C sector, in part due to multiple definitions being used by different sources. Members asked Seafish to explore what can be done to help establish clarity and provide an update at the next meeting. NFFF and FASFA will help however they can.

ACTION – Seafish to clarify what F&C sector economic data is available and explore the feasibility of establishing a data set that can be updated on an ongoing basis.

12. The rising cost of seafood, business closures and diminished availability of chefs are the biggest challenges affecting seafood consumption in the food service sector more widely. Supply is moving to

pre-portioned raw material, due to a lack of filleting skills amongst chefs. There's a big interest in pacific hake, less so in tilapia but that may come.

13. The shortage of chefs with seafood skills is a longstanding issue, greatly compounded by EU exit and the pandemic. UK catering colleges are unable to train chefs in the same way they used to, and the cost and red tape involved in bring chefs into the sector from overseas is a significant barrier.

14. Mike B shared how a new company is driving change by supplying a broad range of restaurant dishes prepared to within 80% of completion. This format is helping food service businesses across England overcome the labour and skills shortage, including well-known high street restaurant chains. Set up 18 months ago, their growth curve is phenomenal – with a year 1 turnover of £167m and £250m predicted for year 2. A key factor in their success is their experience in the food service supply chain. They have a lack of inhouse expertise on seafood, so there are only a few seafood dishes currently in the range.

<u>Retail, including fishmongers</u>

15. Labour shortages were noted as the biggest issue for fishmongers, with many staff only willing to work on certain days and perform certain tasks. Transport is still a problem with increased minimum thresholds in play for small and mixed pallet deliveries, making them commercially unviable for many. Limited availability for cod and haddock is an ongoing challenge. In terms of consumer spending, some customers have moved away from buying seafood, some accept all costs are going up and continue to purchase and some are buying but in smaller portion sizes. Looking ahead, increasing refrigeration costs were noted as the main concern.

16. Oliver noted that resources to support sustainability initiatives continue to be more limited than ever before. This is resulting in a higher tendency to work reactively, which uses more energy and is less effective than a proactive approach.

17. BRC are encouraging a more long-term view to be taken toward responsible and sustainable sourcing. Media plays a huge role in driving policy reactions and which priorities are focussed on. Priorities within the wider policy landscape include the cost-of-living crisis, deforestation, and challenges meeting sustainability commitments on other commodities (e.g. palm oil and soy).

18. BRC are pushing for changes on the apprenticeship levy, as the current approach is burdensome and inflexible. It is hoped a revision could establish more funds for training.

19. BRC are keen to help their members stay abreast of the implications that divergence in EU laws will create and the EU Retained Law Bill may have. BRC are also keeping a watching brief on the impact the Institute of Grocery Distribution's work to develop a new environmental labelling framework may have on products being sold across the retail sector. Aoife explained how Seafish are responding and members agreed it would be helpful to receive updates on both topics at the next meeting.

ACTION – Seafish to share an update on our work on 1) EU/UK law divergence and 2) the environmental labelling legislative changes at the next meeting.

<u>Seafood processing sector</u>

20. The main priorities are keeping abreast of supply chain challenges and understanding the impact of inflation on consumer behaviours. Key challenges beyond that include labour shortages, energy price increases and the uncertainty associated with government policy U-turns.

21. Customers are clearly downtrading in retail, but the switch from out-of-home to in-home consumption is happening slower than some might expect. Foodservice prices aren't increasing as fast as in retail, and demand is holding as many consumers are still keen to make up for lost time eating out during the pandemic. Out-of-home consumption is expected to decline in the coming months. Some retailers are keen to provide an 'out of home experience' at home, featuring branded products including TGI Fridays and Harry Ramsdens.

22. There is lots of switching between retailers and brands, with big growth in entry level branding as predicted. Consumers are switching to lower-cost proteins and we're starting to see instore promotions focussing on products that take less time to cook (saving energy). The cost-of-living crisis is pushing sustainability down the agenda driving consumer choice – for example, plant protein products that experienced strong growth last year are now in decline.

23. The lag that has been observed in price increases being passed along the supply chain means the impact of inflation on consumer trends during 2023 is yet to become clear. There's lots of vulnerability on the supply side. Availability seems ok but suppliers are only able to commit to short price contracts (e.g. 3 months).

24. Labour shortages continue to be a critical challenge for many factories. Businesses with the capacity to look at automation face long lead-times and challenges relating to the construction work that such investments entail. Often the changes being considered will lead to increased energy use, and it's impossible to predict energy costs for 2023. There is a '*moving feast of complex challenges that are difficult for businesses to navigate through*', which is in turn hampering any plans to invest.

25. The Norwegian government's proposal to introduce a 40% tax on the profits of companies using the country's natural resources, including salmon farming, will have micro and macro impacts. The increase of UK import prices will be significant, even if there is a slight reduction following the ongoing discussions with the companies affected.

26. It remains important not to lose the focus on achieving net-zero targets. Time to make progress is short and the challenge is so big – many businesses don't know where to start. Environmental sustainability challenges are still an important focus, but members acknowledged this issue tends to come to mind after the more business critical challenges noted above.

27. Dialogue on industry responses to the critical reports highlighting labour abuses in the UK catching sector is ongoing. Members of the Nottingham University Human Rights Lab team have presented their research at several UK retail supplier conferences. Mike B reported that one supermarket is funding a fleet to become certified to GSA's Responsible Fishing Vessel Standard by year end, and a restaurant group are interested in pursuing certification at a fleet level too. Members were reminded that subscribing to the Seafish Ethics Common Language Group newsletter is the best way to keep up to date on how we're bringing people together to discuss issues relating to labour and worker welfare.

<u>Seafish Strategic Review progress update</u>

28. Aoife shared an update on the progress in taking forward the outcome of the strategic review.

29. Activities promoting consumption under the Love Seafood brand have now stopped. Seafish didn't receive much feedback and once the rationale for the decision was explained anyone who did raise

issues understood the reasoning. Our Market Insight work continues, and the rest of the team have been repositioned to work more broadly on our communication, channels and reputation activities.

30. Work has begun picking up on the priority areas identified, which will form the basis of our new Corporate Plan and guide our approach for 2023-2028. This will be discussed later in today's agenda.

31. Our Framework Agreement is being updated, which outlines our governance structure and defines the Seafish relationship with Defra and the Devolved Administrations going forward. It will be submitted to the Board for approval before being shared more widely.

32. The levy review is also in progress and will require legislative change before change comes into effect. A new Statutory Instrument is being drafted to make it fairer and easier for the levy to be paid and audited. Proposed changes will also seek to ensure equity – a priority for industry highlighted during the Strategic Review consultation. There will be an industry consultation phase in 2023, so the Panels will be kept updated on progress and engaged to contribute then. Based on the current timeline the aim is for changes to be implemented by 1 April 2024.

Corporate Plan 2023-28: Feedback on draft priority narratives

33. Aoife introduced the draft narratives that had been shared prior to the meeting, explaining that the Board are keen to capture input from the Panels to help shape our key priorities and proposed objectives. Members had been asked to prepare feedback on whether the issue had been framed correctly, if we have pitched what work we will undertake clearly, and where we want to be by 2028.

A safe and skilled workforce

34. It was noted that lessons learned from Love Seafood should be incorporated into Seafish' approach to promoting career opportunities across the sector. It takes significant resource to run an impactful, wide-reaching campaign. Aoife outlined how the work will build on the Sea A Bright Future pilot campaign already started under the current Corporate Plan.

35. Clarity was sought on the numerous activities relating to the safety and skill levels on UK vessels, particularly how we intend to "support seafood businesses to comply with labour and safety related legislation and regulations, including meeting the requirements of ILO 188". Aoife outlined how we will continue to support and assist industry collaboration in this space, particularly via the Seafood Ethics Action Alliance. Seafish is facilitating dialogue between catching sector representatives, Defra and the Home Office about the skilled visa system. We will also work with the MCA to facilitate engagement and support the development of guidance materials.

36. It was suggested that by 2028 we should aim to have a seafood industry that is seen as a career of choice and source of pride. We need to establish a mechanism for access to skilled labour that ensures safe, fair and equitable working conditions for all, regardless of nationality.

Supply Chain Resilience

37. Members agreed this provides a necessary space for Seafish to respond to issues not covered by the other priorities, particularly given how much policy can change during 5 years. Where legitimate concerns are raised, Seafish can play an important role in facilitating the industry response and keeping government informed.

38. Aoife explained how Seafish will triage each issue raised, deciding on the level of Seafish intervention on a case-by-case basis. She used an example of the approach taken on crustacean welfare to illustrate the process.

39. It was suggested that NGO's should be included in stage 3 (collaboration to develop solutions).

40. It was suggested that by 2028 we could aim for an increased % or number of stakeholders to indicate that Seafish is the first point of contact when supply chain issues arise.

International Trade (Imports & Exports)

41. It was suggested that monitoring the carbon footprint of international trade could be featured more clearly, and reference to the 'opportunities provided by international trade' could be strengthened.

42. Members agreed that Seafish needs to make sure the 2028 ambition for this priority doesn't conflict with other priorities, both within and beyond our CP. We should consider whether our aim is to increase the volume/value of trade, to move toward frictionless and more efficient trading opportunities for seafood businesses, or both.

Climate Change

43. Aoife clarified that activities under this priority relate to meeting the targets set for 2045 in Scotland and 2050 across the rest of the UK. Our focus for this CP will be grasping the complexity of the challenges faced and helping seafood businesses understand what can be done (adaptation and mitigation). Any activities relating to the industry's impact on the environment more widely (e.g. plastics) will sit under Supply Chain Resilience.

44. Discussion acknowledged that industry faces a huge challenge and the proposed work being undertaken mirrors that. It will entail multiple forums and approaches to bring supply chain representatives together to collaborate pre-competitively and identify industry-led solutions. It is good to see that providing information for small independent businesses is in scope. Seafish should maximise opportunities to collaborate with NGOs already active in this space and consider what learnings we can disseminate from businesses leading the way.

45. This is a long-term channel of activity. By 2028 we should aim to have established clarity on what the challenges and aspirations are for the UK seafood supply chain. How Seafish is performing as an organisation is important too.

Data, Insight and Innovation

46. Members agreed that this work area is one of our key strengths and it is good to see it outlined as a clear priority. Earlier discussions acknowledged the gap in available data for the F&C sector and we will continue to improve the data and insight we provide on the aquaculture sector too. Our ambition is to gather meaningful information and track how the sector is performing across the UK supply chain.

47. Seafish has started to make some good connections with the research community. Our aim is to facilitate collaboration with industry on innovation and act as an interface to help ensure research is guided by industry priorities.

Fisheries Management

48. It is good to see our focus in this space outlined as a priority that it is important from a UK-wide seafood supply chain perspective. It was noted how improvements in fisheries management result in increased

market opportunities. Aoife clarified that activities will be specifically linked to the management of UK fisheries.

49. It was noted that there is a significant amount of work on at-sea aquaculture that should be mentioned somewhere.

50. By 2028 we should aim to have a specific number of Fisheries Management Plans in place.

<u>Reputation</u>

51. Aoife explained that our aim is to achieve a good balance between reactive and proactive work, making sure we have the collateral to talk about issues, easily understand them, and tell a compelling story about the positive work underway.

52. Success will include ensuring industry have access to good, evidence-based messages so when an issue arises readily prepared and consistent narratives can be widely disseminated. Several members noted that it would be great to be able to easily access content to facilitate a consistent response against a range of ‘hot topics’.

53. Mike S thanked everyone for their contributions to the discussion, noting how important panel member input is to the process. It’s incredibly difficult for Seafish to establish a CP that’s coherent and easy to understand, especially when the nature of the challenges the sector is facing are so complex.

54. The 2024/25 Annual Plan will be developed once the CP has been agreed. That is when Seafish will allocate resources to specific priority areas and adjust to new work programme priorities. It was confirmed that there won’t be any changes to the structure of the organisation noticeable externally.

Mid year review of Annual Plan delivery

55. Aoife shared a presentation outlining how we are progressing with the delivery of our 2022/2023 Annual Plan. The update was positively received, and no points were raised for discussion.

ACTION – Helen to share the presentation slides soon after the meeting.

AOB

56. Julie expressed thanks to Lynn, Suzi Pegg-Darlison and Andy Gray for pulling together a “value-for-money narrative” for FASFA over the summer, which now sits on the FASFA website.

Date of next meeting

57. The next meeting will be held in April or early May 2023. Members agreed that, should the agenda be long enough, they would prefer to meet in person in London with an option to attend virtually. It was noted that the hybrid format had worked well today.

ACTION – Helen will share a doodle poll to confirm the next meeting date within November.

58. Everyone was thanked for their strong contributions and high-quality discussion. Tom also thanked the board members for attending and Helen for managing secretariat duties.

59. The meeting closed at 15:00.

Action list

No.	Action	Timeline	Owner
1.	Seafish and NFFF to explore what the options are for making the Enjoy F&C resources more widely accessible to the sector again.	Update at the next meeting	Helen
2.	Aoife and Andrew K to agree approach to engaging with SALSA to develop a simple food management system specifically for fishmongers.	Update at the next meeting	Aoife
3.	Seafish to clarify what F&C sector economic data is available and explore the feasibility of establishing a data set that can be updated on an ongoing basis.	Update at the next meeting	Aoife
4.	Seafish to share an update on our work on: 1) EU/UK law divergence and 2) the environmental labelling legislative changes at the next meeting.	Update at the next meeting	Helen
5.	Helen to share the Mid Year Review of Annual Plan Delivery presentation slides.	October	Helen
6.	Helen will share a doodle poll to confirm the next meeting date in spring.	November	Helen