

# **The Existential Threat to Welsh Food + Hospitality (And What the Public Sector Can Do to Help)**

Kevin Morgan + Simon Wright

## **An existential crisis**

The pandemic has impacted some sectors more than others and food and hospitality are among the worst affected in terms of lost business and lost jobs. It is no exaggeration to speak of an existential crisis for large swathes of these sectors because the economic and social scarring will endure for years to come. Public sector organisations are significant buyers in the food sector and with schools, colleges and universities being understandably closed for significant periods during the last 12 months, the food supply chain has suffered a double whammy alongside the hospitality sector closures. To mitigate the worst effects of the crisis, the public sector could embrace some of the social innovations triggered by the pandemic and one of them is the use of progressive procurement policy.

## **Progressive public procurement**

Public procurement policy has helped Wales to deal with the explosive demand for PPE. Exemptions were introduced to allow public bodies to purchase the goods and services they needed to respond rapidly to the pandemic. What would otherwise have taken years to achieve has been accomplished in weeks because crisis is the midwife of innovation. We now need the same can-do mentality to be applied to public sector support for the food and hospitality sectors in Wales.

For example, a key food supply chain and infrastructure company such as Castell Howell has suffered a 70% reduction in sales and - despite receiving funding through the government support schemes - they have endured significant losses and have already reduced their workforce by 100 staff. Companies such as Castell Howell are the glue between the Welsh produce supply chain and the hospitality trade, a core foundational economy sector. With approximately 20% of the company's annual turnover coming from the public sector, some medium-term security around these contracts would provide some much-needed stability for the company, and for all other food companies that depend on public sector contracts.

## **One Key Ask**

Public sector bodies – especially in the local government, health and education sectors in Wales – could help to mitigate the crisis and provide some stability for these sectors by being allowed to extend their current food contracts for 2 years to give suppliers (and their supply chains) the assurance they need to survive. To do this, public bodies would need a directive from Welsh Government confirming that they could enact such an extension due to the unforeseeable impact of the pandemic and the existential threat to food and hospitality. The basic aim of the extension would be to use the security of public sector contracts to help food companies survive the crisis and prepare for post-pandemic recovery.

This is akin to other exceptional measures that are being taken throughout the UK, like the UK Chancellor's decision to extend the payback terms of the Bounce Back Loan Scheme to give firms more "breathing space" as he put it. Progressive public procurement policy in Wales could and should play a similar role right now because firms cannot recover if they don't survive.

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