

Beyond the farmgate

Unlocking the path to farmer-focused supply chains and climate-friendly, agroecological food systems



Summary

The evidence is clear that the current food system, and specifically the infrastructure and supply chains that serve it, are not fit for farming or consumers. Currently, infrastructure like grading, storage, processing, packaging, distribution and trading of food is highly centralised, large-scale and suited to complex, opaque and long-distance supply chains. The current food system is a driving force for dangerous climate change, nature loss and societal inequality.

With the market researcher Agrismart, the Sustain Alliance has explored how 500 farmers from across England and Wales feel about these issues. The group of farmers surveyed were a representative sample of English and Welsh agriculture—e.g. large, medium, small, arable, livestock, poultry, pigs, dairy, horticulture, and mixed farms.

The results suggest that many farmers want to have access to locally based infrastructure and to shift partly, or fully, into farmer-focused supply chains. For instance, 56% of respondents said they want to supply into a different market and a further 20% said they would consider this.

The top four infrastructure needs were: an established food hub, box scheme and/or farmers' market (51%); a local independent retailer (28%); a local packer and/or distributor (28%); and/or their own retail space (26%). Over 50% of respondents want to join or start a cooperative or farmer buying group, with another 25% saying they would consider this.

The main perceived benefits farmers saw for changing supply chains were better margins, more direct links to the customer, delivering more for climate and nature, and building more resilience into the business. Many also felt that changing supply chains would help them deliver on soil management, animal welfare, public engagement and better wages for staff. As one farmer who had made a shift put it: *“changing supply chain has supported all of the above”*.

To successfully move away from the current approach of supplying into supermarkets and larger processors/manufacturers, farmers said they need better access to local infrastructure, affordable finance, marketing knowledge, and market outlets (like established box schemes or food hubs).

There is a clear desire for change when it comes to supply chains. Farmers are keen to diversify their markets and access those which better support their local communities. To achieve this, we propose that the Government, local authorities, Local Enterprise Partnerships (LEPs) and stakeholders (see page 21 for details):

1. Develop Growth Action Plan(s) to increase the market share of farmer-focused supply chains and local and regional food systems to 25% by 2035;
2. Provide a new finance mechanism (a Local Food Fund) to invest in smaller scale and localised infrastructure and supply chains;
3. Ensure that Local Enterprise Partnerships (LEPs) and other financiers support farmer-focused supply chain investment;
4. Expand on existing funding (i.e. the Future Farm Resilience Fund) to provide more affordable business and marketing advice and data gathering; and
5. Work with local authorities to create a Local Food and Farming Planning Framework that explicitly supports a transition to agroecology, farmer-focused supply chains and local food systems.

We would like to thank everyone that has helped to fund this work, carry out the survey, produce and proof the report which includes: Alex Wivell and the team at Agrismart, Gabriella Driessen and Rosalind Sharpe at the Food Research Collaboration, Natasha Soares at the Better Food Traders, and our friends at the Friends Provident Foundation. Sustain is all about working collaboratively and giving others the chance to be part of our work, so this is important us.

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The shared vision of the Sustain alliance is that all food should be produced in a way that is fair and truly sustainable, playing a pivotal role in tackling climate change, protecting ecosystems and restoring nature. Fair for farmers, fishers, workers, communities and animals, at home and abroad; providing the basis of healthy and sustainable diets; enabling more people to participate in production and access to land; and which restores and protects the soil, biodiversity and natural assets for now and generations to come. We promote policies, buying standards, trading systems, finance, technology, and other mechanisms that can contribute to an accelerated transition to agroecological food production and sustainable fisheries.

Our definition of ‘sustainable farming’ includes agroecology, organic, pasture-fed, high animal welfare, antibiotics stewardship, agroforestry, farmer-focused infrastructure, fair dealing, better routes to market, and local food systems.

The survey and our approach – an introduction

The Sustain alliance works across the food system from field to fork. We campaign for a food system that is fair, better and built around agroecology. When thinking about the supply chain, this stretches from better regulation and enforcement of supermarkets and the opaque side of supply, through to building a movement of local food systems that are transparent and reward good farming practice. In an ideal world, agroecological approaches would be adopted by a major part of the farming sector and local farmer-focused supply chains would be supporting them by being responsive and providing fair returns. This work is critically important at a time when we face a climate and nature emergency, with farming and land use causing many of the problems, but also offering the potential of very significant solutions—if given the right support. Rapid transition to agroecological farming is now an imperative.

Why do we care about supply chains and infrastructure in this context? Over the past few decades, the farmers' share of the consumer £1 has fallen to a point where farming businesses are often economically unviable without subsidy support. Consumers are unable to ensure a fair part of their food spend goes to the farmers they want to support. When coupled with a food supply chain that is complex and globalised, we

have come to a point where our food system is unfair, bad for the environment, not transparent, difficult to manage, and increasingly vulnerable to economic and environmental shocks.¹

At a workshop in early 2020, we asked a group of practitioners and stakeholders within the local food and agroecology movement what some of the barriers and the opportunities are for farmer-focused supply chains and markets. There were a lot of valuable suggestions, including community bulk-buying schemes, community owned infrastructure and the creation of enterprise incubation hubs.²

Supply chains and routes to market play a critical role in influencing what farmers grow and how they grow it. They should be seen as an important part of the food system that require genuine change. Supermarkets and large manufacturers are unlikely to disappear anytime soon, but it is vital that their dominance³ (with over 90% control of the retail market⁴) is reduced. On average, farmers only receive 8% of each £1 spent by the consumer.⁵ Sustain and others have campaigned for many years for regulation and strong rules for how the multiple retailers and other players in the food supply chain treat suppliers, and to clamp down on abusive practices.⁶



Barnsley Farmers' Market.
Credit: Alexandra Rose Charity

- 1 Garnett, P et al. (2020) 'Vulnerability of the United Kingdom's food supply chains exposed by COVID-19'. *Nature Food* 1, 315-318. <https://www.nature.com/articles/s43016-020-0097-7>
- 2 Sustain (2021) 'Making routes to market work for farmers – outputs from our ORFC workshop'. <https://www.sustainweb.org/blogs/jan21-orfc-supplychain-workshop/>
- 3 Hasnain, S. et al. (2020) 'Mapping the UK Food System – a report for the UKRI Transforming UK Food Systems Programme'. Environmental Change Institute, University of Oxford, Oxford. ISBN 978-1-874370-81-9
- 4 Kantar: <https://www.kantarworldpanel.com/global/grocery-market-share/great-britain>
- 5 Defra (2020) 'Food Statistics in your pocket: Summary'. <https://www.gov.uk/government/statistics/food-statistics-pocketbook/food-statistics-in-your-pocket-summary>
- 6 See campaigns and reports https://www.sustainweb.org/foodandfarmingpolicy/a_fair_and_transparent_supply_chain/

Such regulation is vital, but it is not enough to support the required changes to farming. Sustain would like to see the market share of local and regional food systems to increase significantly over the next few years.⁷ A good starting point would be aiming to increase the share from around 3% to 10% by 2030, with a 2035 target of 25%.⁸ By doing so, we could create routes to market that allow farmers to transition to agroecological methods.⁹ Without supportive and responsive markets, the critical changes to build resilient, agroecological and diverse farms, and to support the transition in the short time period that the climate and nature require, will not happen.

7 Vicki Hird (2021) 'Farmers need power and money; it's time for ambitious thinking on trading systems and investment'. <https://www.sustainweb.org/blogs/feb21-farmers-need-power-money/>

8 Sustain and RSPB (2021) 'The Case for Local Food: building better local food systems to benefit society and nature'. <https://www.sustainweb.org/publications/the-case-for-local-food/>

9 FAO (2018) 'The 10 Elements of Agroecology: guiding the transition to sustainable food and agriculture systems'. <http://www.fao.org/agroecology/overview/overview10elements/en/>

Our methodology

We commissioned an independent agricultural market researcher to survey 500 farmers from across England and Wales. The pool of farmers was roughly representative of the English and Welsh farming sectors (although there were some limitations as highlighted in the annex). This rough representation was based on farm type, size and location.

We consulted on the questions with the Food Research Collaboration (FRC), Nature Friendly Farming Network (NFFN), Growing Communities (GC) and the Better Food Traders (BFT). This allowed us to get feedback and insight from different perspectives. The market researcher, Agrismart, also consulted on the questions with their expertise and experience. The responses were fully anonymised and Sustain had no say in who was surveyed.

The survey was conducted over a 12-week period from March to June 2020. Agrismart presented us with the raw data, as well as access to the individual responses of each farmer. This has allowed us to see the overall picture of the results, as well as delve into some of the specifics.

What do we mean by farmer-focused supply chains?

Farmer-focused supply chains are systems that are responsive to the farmers' needs and outputs and which pay farmers a fair price for what they produce, paying the true cost of food and the public goods that agroecological farmers deliver. Direct sales, food hubs, box schemes, independent retailers (butcher, grocers, bakers, etc.), farmers' markets, and independent small-scale supermarkets and wholesalers, might be considered farmer-focused, as well as aggregation and distribution initiatives such as Dynamic Procurement, though not all will be. They can provide a route to market that is directly linked to the customer, reducing the leakage of

money out of local economies, and can provide healthy food that is affordable for citizens. Many inspiring examples exist, and most are motivated by values that include but go beyond profitability and extend to principles such as tackling climate change, restoring nature, supporting local farmers, promoting crop diversity and seasonal supply, improving access to affordable healthy food, and trading fairly. Such values mean that many would also make commitments to being a fair and considerate employer, for example by paying their staff the Real Living Wage as a minimum, and expecting others in their supply chain to do likewise.

What we found – the survey results

The data provides a valuable picture of how and why farmers want to access better and fairer supply chains. It also shows that farm businesses want improved accessibility to local infrastructure and social networks. It highlights some of the main barriers to making that change happen.

In a general sense, the results reveal that farmers want to shift away from the dominance and reliance of supplying supermarkets and large processors and manufacturers, and instead, have a much greater diversity of market outlets like food hubs, box schemes and independent retailers which they can access.

Further to the above, the data also provides some insight into why farmers want to make those changes. This includes fairer pay and more direct relationships with customers, as well as being rewarded for environmentally friendly farming and building more resilient businesses.

A surprising result was the interest in cooperatives and buying groups. The UK farming sector does not have a strong history of working in cooperatives. In recent years, there has been a growing interest amongst British farmers to work more collaboratively, but this seems to be mostly focused on trials and knowledge sharing¹⁰

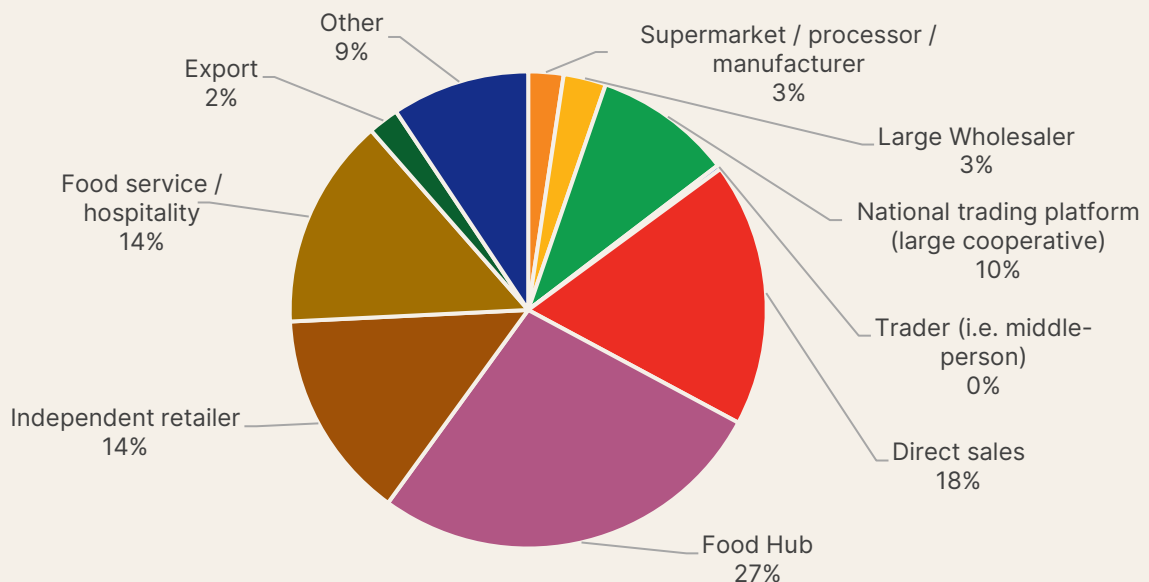
(both which we recognise are valuable). However, there are some good examples of British farm cooperatives, but we could look to other European countries such as France to see how this could be scaled up.

Here is a summary of the data:

- 86% of the survey respondents currently supply a supermarket, processor or manufacturer, with only 12% using direct sales to the customer.
- Only 5% of respondents said they would 'prefer' to sell to a supermarket, processor or manufacturer, with the top three preferences being a food hub (55%), direct sales (36%) and/or food service (29%).
- 56% of respondents said they want to supply into a different market and a further 20% said they would consider supplying into a different market.
- The opportunities which those preferred markets could provide include a better price (75%), able to sell large quantities of produce (49%), business resilience and stability (42%), better market control (38%), direct links to customer (31%), and supporting future climate and nature ambitions (30%).

¹⁰ A good example being the Innovative Farmers group: <https://www.innovativefarmers.org/>

Which markets would you prefer to sell to?





Tablehurst Farm Sussex cattle grazing in the High Weald. Credit: James Woodward

- The top four barriers to supplying into a preferred market were:
 - Lack of access to affordable finance to make necessary changes (48%),
 - Lack of time to do market research/ planning (44%),
 - No local market to supply to (39%); and,
 - No access to local infrastructure (28%).
- We asked about infrastructure needs. The top four were the need for an established food hub, box scheme and/or farmers' market (51%), a local independent retailer (28%), a local packer and/or distributor (28%), and/or own retail space (26%).
- By changing to a preferred supply chain, the respondents said it would improve business margins (79%), business resilience and agricultural diversification (62%), animal health and welfare (51%), provide more jobs (38%), and enhance biodiversity (33%) and carbon sequestration/storage (30%).
- 55% of respondents said they want to start or join a cooperative or farmer buying group and a further 26% said they would consider doing so.

On top of collecting quantitative data, we also gave farmers the opportunity to provide written comments and answers so they could share their

lived experience in a more nuanced way. Two common themes that emerged were that many felt they were too old and close to retirement to change their business model, or were worried about uncertainty and risk linked to Brexit, future trade deals and Covid-19. The qualitative data also highlighted that livestock markets and auctions are an important, but often overlooked, part of the supply chain. We know that such places are crucial for physical infrastructure, but importantly, also social networking between farmers and with buyers.

To understand the wider supply chain and how it can be shifted to support better and fairer routes to market, there is a need for more research and data collection. A 2020 report which aimed to map the UK food system found there was a significant data gap when it came to aspects such as employment, freight, logistics, storage, packaging, trade, and enterprise (including retail, catering and wholesale).¹¹

11 Hasnain, S. et al. (2020) 'Mapping the UK Food System – a report for the UKRI Transforming UK Food Systems Programme'. Environmental Change Institute, University of Oxford, Oxford. ISBN 978-1-874370-81-9

What are the opportunities?

We found that most farmers want to change. This was due to several external factors such as post-Brexit farm policy, future trade deals, consumer shifts, and climate change. It was evident that many farmers are looking into their options, with responses suggesting that many are actively starting to try and plan for a different future for their business. Some of the main reasons why farmers want to access different markets were:

- Getting a fairer price and having a more resilient business;
- Having greater involvement in the market post-farmgate;
- Building closer relationships with customers;
- Being supported for managing land in a more climate and nature friendly way; and,
- Providing more secure and better employment opportunities.

Outside of the direct opportunities to farm businesses, changing the way we grow and sell food can benefit the wider community. More local businesses, whether farms or food enterprises, will provide more local jobs, and keep money circulating within the local economy. Furthermore, enterprises with greater local ties based on social values can present more opportunities for the community to engage with farming and food.

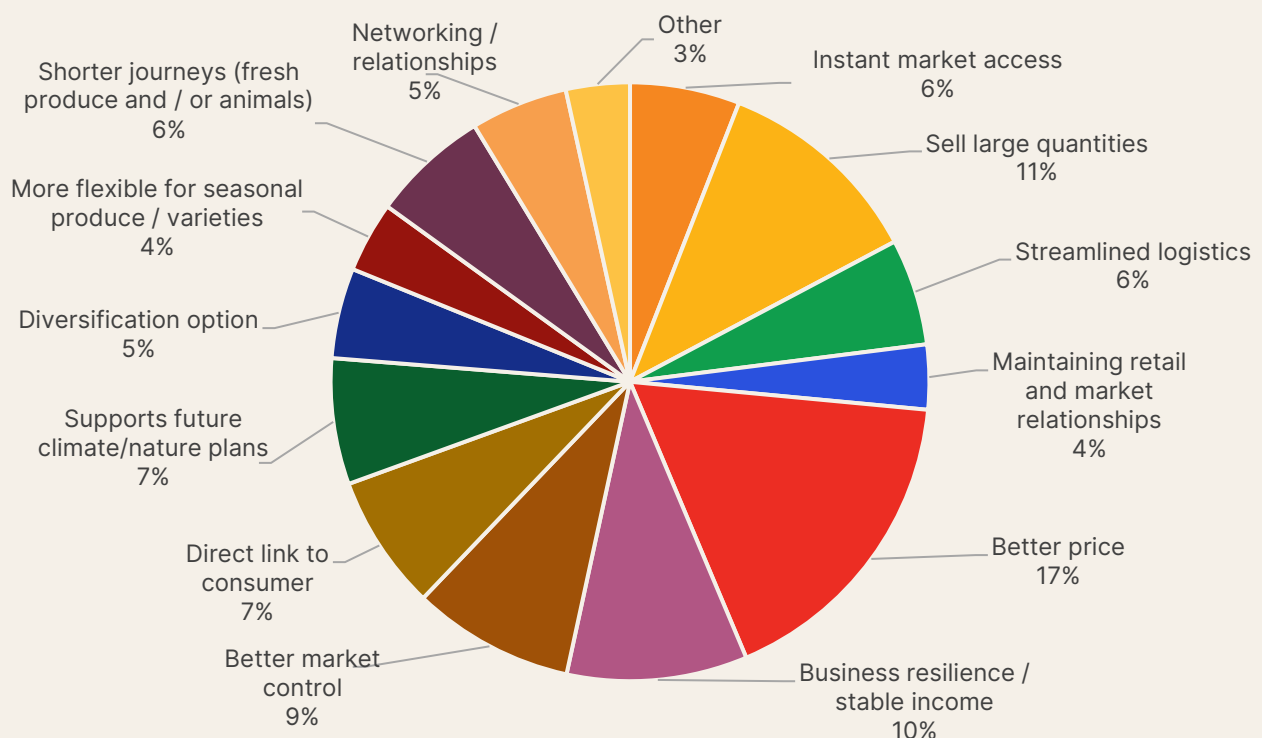
Shopping habits are shifting

During the early part of the Covid-19 pandemic, Sustain¹² and the Food Foundation¹³ conducted surveys to understand changes in the way people were shopping during the first lockdown. The Food Foundation found that demand in vegetable box schemes soared by 111% in the first six weeks. Farm businesses selling directly were overwhelmed with new customers, with many having to go on a waiting list. The Food Foundation report also asked what is stopping enterprises from expanding, with a clear answer being a lack of affordable finance to invest in infrastructure. Smaller farms are usually excluded from government grants due to eligibility requirements, such as a limit on the size of holding (historically 5 hectares minimum) that can apply or the amount of money that needs to be applied for (often £35,000 which is far too much for a small farm). This barrier is self-made

12 Sustain (2020) 'Good Food Enterprises adapting to lockdown: survey report'. https://www.sustainweb.org/publications/good_food_enterprises_adapting_to_lockdown/

13 Dr Amber Wheeler (2020) 'COVID-19: UK Veg Box Report'. <https://foodfoundation.org.uk/wp-content/uploads/2020/05/Food-Foundation-COVID-19-Veg-Box-Scheme-report.pdf>

What opportunities do these markets present?





Rock Farm market garden in West Sussex. Credit: James Woodward

and one that is a thorn in the side of farming that prevents a dynamic sector; for example, a recent study found that smaller farms can out-compete larger ones in terms of crop yields and their ability to support more biodiversity.¹⁴

The survey by Sustain found that many good food enterprises¹⁵ shifted their mode of operation, with the biggest changes being the use of e-commerce (45%) and click and collect/delivery services (45%). Both surveys show that farmer-focused supply chains and routes to market can adapt and be innovative, even under difficult circumstances. It also highlights how many consumers came to rely on, or move towards, buying differently and using new markets.

It is worth noting that conventional retail (i.e. supermarkets) and wholesale had been undergoing a considerable change well before the pandemic, with new entrants such as Aldi, Lidl, B&M, Amazon, and Ocado creating more competition, especially for online ordering and home delivery. In addition, the move to online sales and delivery for groceries and prepared food is accelerating and creating major changes in retail operations and customer habits.

Defra's own survey data reinforces these trends. Their October 2020 farming poll shows that farmers feel supermarkets have far too much control and drive down prices. One respondent to our survey said, "*the supermarkets have wiped out most of the competition*". Farmers' ability to supply locally is often undermined by this and is exacerbated by a lack of resources to do so.¹⁶ Despite this, some farmers have managed to find ways to reach consumers and gain a fairer price by investing in ways to add value and find niche markets, which has often meant on-farm processing and collaboration with neighbours.

14 Ricciardi, V et al. (2020) 'Higher yields and more biodiversity on smaller farms'. *Nature Sustainability*. 4. 651-657. <https://doi.org/10.1038/s41893-021-00699-2>

15 A good food economy means a thriving supply chain that supports decent livelihoods for farmers and fishers, and ensures suppliers, manufacturers, retailers, and caterers make healthy, sustainable, and culturally appropriate food that is accessible and attractive to everyone, with minimal waste.

16 Defra 'Farmer Opinion Tracker for England: October 2020'. <https://www.gov.uk/government/statistics/farmer-opinion-tracker-for-england-october-2020>

Case studies

Peter and Henri Grieg, Pipers Farm

Peter and Henri farm in Devon and run Pipers Farm, an online butcher and shop business, providing a marketplace for 30 local producers. They raise native Ruby Red cattle on a 50-acre permanent pasture farm, raising their cows solely on their own grass. Having access to local supply chain infrastructure is important for their business to thrive. They rely on a smaller-scale, local abattoir to butcher up to 5-6 bullocks each week. In April 2020, a 32-month Devon bullock weighing 630kgs, when processed through an industrial slaughterhouse, had a market value of £990. The same animal when processed through a small abattoir had a value of £1,314. If the cow is then delivered to a local processing unit 3 days after slaughter and hung for 4 weeks, it has a retail value of £2,750. Working with local supply chain businesses, like an abattoir, can have considerably better animal health and welfare benefits (e.g. much shorter travelling distances). This also shows how local supply chains can create more value for the farmer. In Peter and Henri's model at Pipers Farm, this means putting that added value back into the economy by providing better local jobs, and farming in a much more agroecological and sustainable way.



Henri Grieg checking up on Pipers Farm outdoor reared pigs. Credit: Pipers Farm



Helston Local Food Hub veg box. Credit: Alastair Cameron

Alastair Cameron at Helston Local Food Hub, Better Food Trader

Deep in Cornwall, Helston Local Food Hub are working with over 30 Cornish producers to bring healthy and sustainable food to people living in the Helston area. They sell meat, veggies, preserves and baked goods through their online 'click and collect' shop, which allows customers to buy local produce on a weekly basis, as well as at the monthly farmers' market which was established by Alastair. Incredibly, 80% of each £1 spent by the consumer goes back to the producer, creating a viable and stable market for farmers to supply into. In their first year of trading, they kept over £50,000 within the local food economy, which helps to build community wealth. Alongside their local customers, the food hub serves tourists who come to enjoy the bounty of local Cornish produce. This wonderful local food hub is also taking the next step in creating a local food system that works for climate and nature by partnering with the Helston Climate Action Group.

Josiah Meldrum at Hodmedod's

Nick Saltmarsh, Josiah Meldrum and William Hudson founded Hodmedod's in 2012 to supply grains, pulses, flour and other products from British farms. They wanted to get local food systems working and to challenge the dominant just-in-time distribution systems which are reliant on big regional distribution centres and fossil fuel-based transport systems. They also wanted to bring more pulses and wholegrains back into the British diet as a crucial but neglected crop. They work with British farms to source a range of produce and are particularly interested in searching out less well-known foods, like the fava bean – grown in Britain since the Iron Age but now almost forgotten – and black badger peas. They work closely with farmers, processors, packers and manufacturers to produce the crops, clean and pack them after harvest, and create the ever-growing range of products that are sold direct to customers online and in shops. The business relies on a close relationship between the farmers, buyers, infrastructure and supply chains in between to ensure the system delivers good livelihoods or the living wage for the workers involved, and they have invested in processing machinery to support this. The Hodmedod's model is about looking at both the physical infrastructure and the social networks that are needed to create farmer-focused supply chains.



Hodmedod works with British farmers to provide pulses and grains from fair and sustainable UK production. Credit: Hodmedod



Organic North facility in full flow.
Credit: Sean Ruffell

Sean Ruffell at Organic North, Better Food Trader

This cooperative-run ethical wholesaler is based in Manchester and has been supplying people and businesses with organic produce for over 25 years. They work closely with farmers and growers to deliver fresh, healthy produce not just across the city, but now right across the UK too. Being a coop without shareholder pressure, Organic North can keep prices at affordable levels while paying their staff well and making sure that producers are paid quickly and fairly. This approach is taken a step further, in their work with new entrants, helping them establish farming operations and providing a guaranteed route to market. In that sense, Organic North is working as a community lynchpin to provide a local food system. Much of their produce is sourced locally; anything that cannot be grown in the UK is sourced from certified organic, high welfare farms in Europe. They aim for seasonality and provide customers with a wide range of produce such as fruit, vegetables, dairy, eggs, bread, pulses, oils, beers, whisky and plenty more besides.

What needs to change?

"We would like to see all our produce being sold to local consumers who would be able to better appreciate its provenance and character as a result of seeing the system in operation on some of their favourite countryside walks and wildlife sites."

Survey respondent

The barriers

The barriers to finding new, supportive markets are clearly significant. When asked about their access to local infrastructure, respondents in this survey said that the largest gap was livestock processing, logistics and storage, but many responses confirmed that they had little to no local infrastructure. This will obviously limit opportunities to stimulate or access local markets or add value to products that are sold further afield. This is particularly an issue for farmers who currently operate under a highly centralised commodity market, such as grains, pulses and oilseeds.

More affordable finance

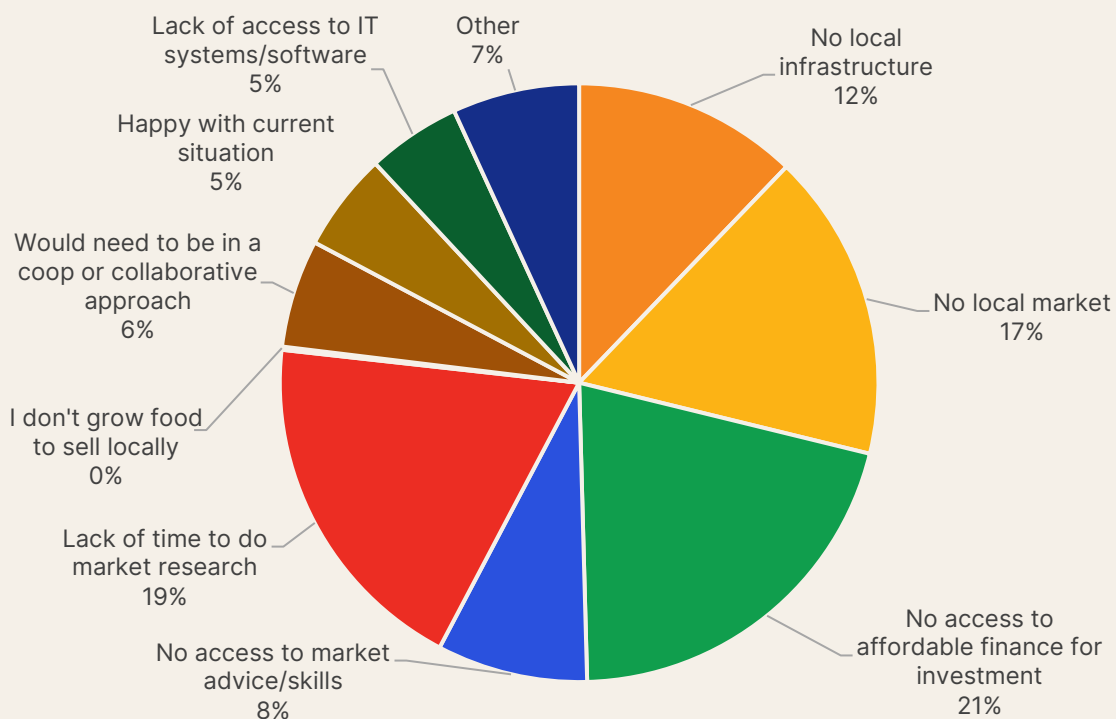
A common theme was the need for better access to more affordable finance. Farm subsidies are set to change under post-Brexit farm policy, but questions remain over its potential to support smaller farms, farmer-focused supply chains, and more agroecological farming systems. Private money, often in the form of a bank loan, is not always a viable option. Firstly, eligibility criteria can exclude many farm types. Secondly, what can be funded is often constrained to very large-scale operations. Finally, the cost of repaying business loans is often daunting and unrealistic for smaller businesses, farmers with variable profits year-to-year, or new entrants.

"There's no local processing anymore."

Survey respondent

There are examples where banks, charities, funders and the Government are making attempts to provide more affordable finance options that

What are the barriers to changing market?



support agroecological farming and local food. In the UK, examples include Triodos Bank UK¹⁷ (offering smaller business loans) and the Real Farming Trust's Loans for Enlightened Agriculture Programme (LEAP).¹⁸

"There's not easy access to affordable finance for farmers."

Survey respondent

In the United States of America, the Mad Agriculture group have recently started a farmer-first loan through their Perennial Fund. This is based on an operating loan with a two-year grace period and an agreement that payments are made only when the farm is making profit. The loan is available to farms that want to transition from conventional to organic, and the group also provide business, marketing and agronomic advice and support to make that change a success.

With the proposed post-Brexit changes coming, there are several opportunities for public money to be used in a way that supports agroecological farming and local food systems. This could include the UK Shared Prosperity Fund, Community Renewal Fund, Community Ownership Fund, Environmental Land Management schemes, Future Farm Resilience Fund, and Agricultural Transition Plan schemes. We go into more detail in the recommendations.

Investing in agroecology and local food systems was also recommended by Henry Dimbleby and his team in the Government commissioned National Food Strategy, published in July 2021.¹⁹ Their proposal of a £1 billion Innovation Fund could go a long way to supporting a transition to agroecological farming and more localised supply chains.

17 Triodos Bank UK, 'Why we finance organic farming'. <https://www.triodos.co.uk/sectors-we-finance/organic-farming>

18 Real Farming Trust's Loans for Enlightened Agriculture Programme (LEAP): <http://www.feanelwork.org/our-projects/loans-for-enlightened-agriculture-programme>

19 National Food Strategy (2021) 'National Food Strategy: The Plan'. <https://www.nationalfoodstrategy.org/the-report/>

Sustain has published two guides to sustainable finance for smaller and values-led food enterprises. These can be downloaded here:

- Food & Finance: How small-scale food enterprises raise the money to grow²⁰
- Financing Community Food: Securing money to help community food enterprises to grow²¹

Advice and market research

The market research data tells us that farmers need to be able to access low-cost marketing advice and training. This is evident from the survey, with 44% of respondents saying that time and knowledge, including on digital marketing tools, were a barrier to moving into different supply chains and markets. This could be the result of farmers predominantly supplying an opaque supply chain like a supermarket or large processor and manufacturer, and so having little experience of marketing.

"There are no advisors educating us how to change markets or funds to do it. I wouldn't know where to start."

Survey respondent

Changing the structure of a business is no mean feat and requires investment and risk management. Accessing good quality, independent advice can make a significant difference to the success of that change. It can help farmers identify risks as well as opportunities on how to work collaboratively.

"Finding new markets that haven't already got a supplier is hard."

Survey respondent

20 https://www.sustainweb.org/publications/food_finance/

21 https://www.sustainweb.org/publications/financing_community_food/

As 88% of respondents want to shift to farmer-focused supply chains, there are opportunities for the Government and the sector to upskill farmers in business and marketing management in a meaningful way. This is especially the case with direct sales operations, which can require substantial amounts of investment in on-farm processing infrastructure. 'Even with the appropriate infrastructure in place, accessing more local or regional markets requires investment and, therefore, know-how, when it comes to managing risk and identifying how to succeed.

"Always seem busy as a farmer and lots of things like finding a box scheme always get left for something crucial on the farm. It would be nice if we knew where to look for these things."

Survey respondent

Lack of local markets

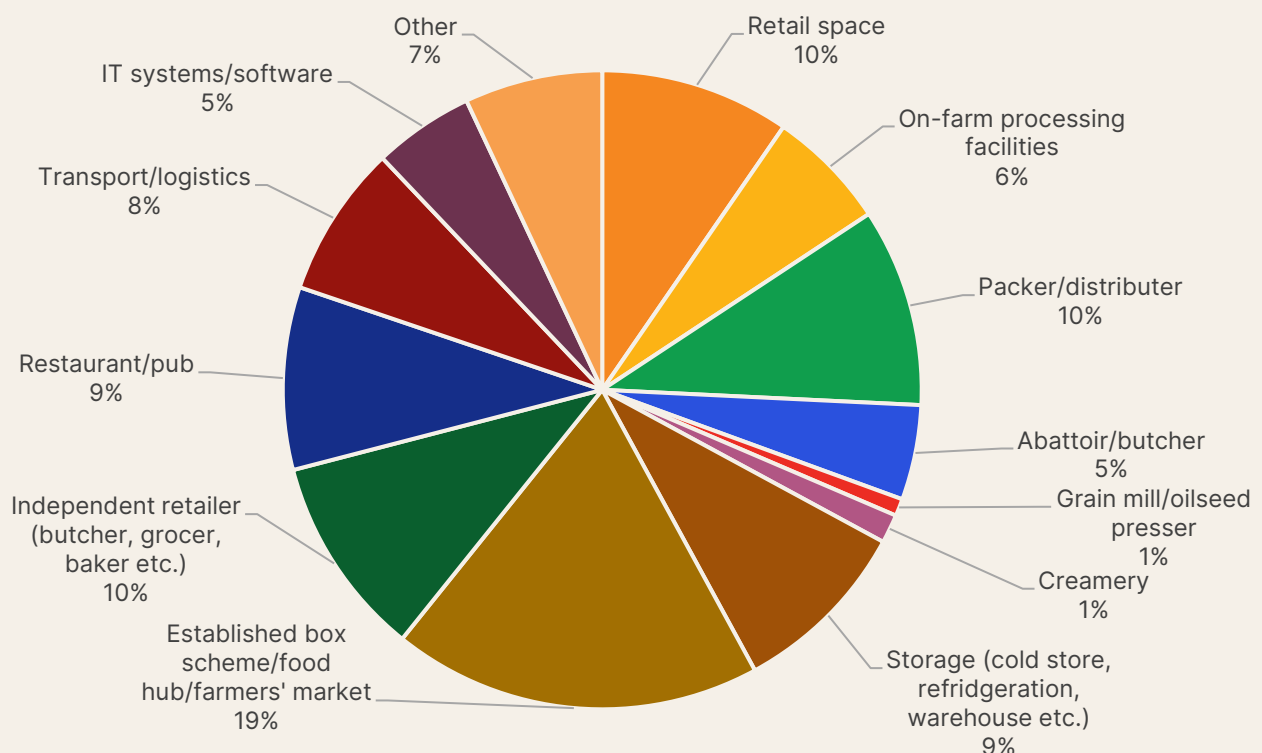
A lack of existing markets to supply into, particularly in rural areas, is an issue, with 38% of respondents saying this was a barrier. For decades, a centralised system of distribution into the major multiples has replaced many local shops, markets and food networks. This is seen as efficient and safe, but many problems have arisen, not least how it has driven farm incomes into the red, facilitated the degradation of the natural environment, and created food inequalities amongst citizens.

It will be difficult to create new and better routes to market without the physical infrastructure and social networks that are needed, with 28% highlighting this as a considerable challenge. Investing in local food systems can be beneficial for the local economy, as well as for individual business.

Hubs and infrastructure investment

Food hubs create an important link between the producer and supplier by providing storage, packing and distribution infrastructure. A food hub can be a physical space and channel for aggregating food supplies and coordinating distribution, or a virtual space for presenting

What local infrastructure would you need?



produce in a coordinated way for marketing to businesses or individual customers. Sustain has also supported and learned from values-led food hubs that have some level of multi-functional purpose,²² such as processing facilities for adding value or repurposing food surplus; coordination of supply into public sector contracts, including through Dynamic Procurement; or provision of other support and facilities. These can also act as incubators hubs that provide space for new enterprises and the kinds of support networks (training, advice, finance etc.) to help them be successful. Such multi-functional coordination of food supply – an ancient idea but greatly enhanced with a modern approach – could play a crucial role in building skills, knowledge, and community wealth, as well as helping to share costs for existing small and medium size enterprises (SMEs) or new entrants.

When identifying and creating new infrastructure and social networks, it is key that we recognise different farm types will have different needs. This includes the types of infrastructure and the scale of cost. For instance, a small-scale business will want not to spend tens of thousands of pounds, while an arable farm will have different requirements to a dairy or horticulture operation.

Therefore, we have identified the need for a Growth Action Plan, laid out in more detail in the recommendations, which can inform the right investment decisions at the local level.

“Not happy but not risking change”

There was a clear sense, from some of the data, that many farmers feel they are either ‘too old’ or face too much uncertainty (linked to Brexit, trade deals and Covid-19) to change their business. Without the support structures in place, given the resources and effort that is needed to shift business model or operation, it is understandable why many feel that way.

“Everything needs to settle down before we risk any changes.”

Survey respondent

Alongside volatile markets, post-Brexit farming and trade policy uncertainty is contributing to a situation where many feel unconfident in making any business decisions.

“Market volatility and uncertainty, increased costs, lower profit” and “Not happy but not risking change.”

Survey respondent

Understandably, farmers may be wary of making changes, so advice and support would be vital, as we have already indicated. A key threat to British farming and a move towards more agroecological and local food systems is that future trade deals could allow cheaper and lower standard produce into the UK market, undermining UK farmers’ efforts. Serious questions remain about whether they will be able to compete. Will they need to go down the intensification route? Or should farmers look to leave the sector altogether if trade deals are damaging to their market?

An additional headache for many farmers is the reduction and removal of direct payments (i.e. subsidy). This looms large over most farming businesses who have come to rely on these payments to pay the rent and cover other key costs. Arguably, this highlights why farm businesses need support to manage risk over this period of significant change.

“Looking forward to retiring.”

Survey respondent

It was disheartening to read how many farmers felt they were too old to change and how some said they have “*had enough*”, although many are clearly up for the challenge if the right conditions and support are in place. Where farmers do retire, its vital the farm should be available for new entrants or successors able to find a viable, diverse, connected and rewarding marketplace.

²² Sustain (2009) ‘Building a Sustainable Community Food Hub’, Making Local Food Work programme: https://www.sustainweb.org/publications/building_a_sustainable_food_hub/

Access to workers

The recruitment of staff to carry out key activities like cultivation, harvest, packing, distribution, and selling is also another barrier. This is particularly the case for seasonal workers linked to cultivation, planting and harvesting of crops.

“Not enough labour to expand.”

Survey respondent

The end of free movement between the United Kingdom and the European Union has presented a challenging barrier for horticultural farmers.

Farmers reported that the UK Government’s 2020 ‘Pick for Britain’ campaign had very little positive impact, with most applicants deciding not to take up jobs—it has since been scrapped. One farmer responding to the survey offers permanent well-paid positions that should be attracting workers, but still reports that *“post-Brexit our labour pool has dried up”*. The reality is that many agricultural jobs are low paid, with tough working conditions, so many farmers are struggling to find workers to undertake business-critical tasks.

Labour issues may be significant, so the policy environment should be ensuring that good jobs exist, not neglecting those roles that add value to farm products, manage and run infrastructure, and deal with marketing and logistics.



A view of the Yorkshire Dales at Malham Cove. Credit: James Woodward

Could changing your market help?

The benefits

Our survey results show that farmers clearly want change. Most recognise that the current food and farming system is broken and requires a shake up, but the future is so uncertain that making changes is daunting. Despite these significant barriers, the majority of the survey respondents said they want to supply into food hubs, box schemes, independent retailers and the catering/hospitality sectors. So, why do farmers want to make changes?

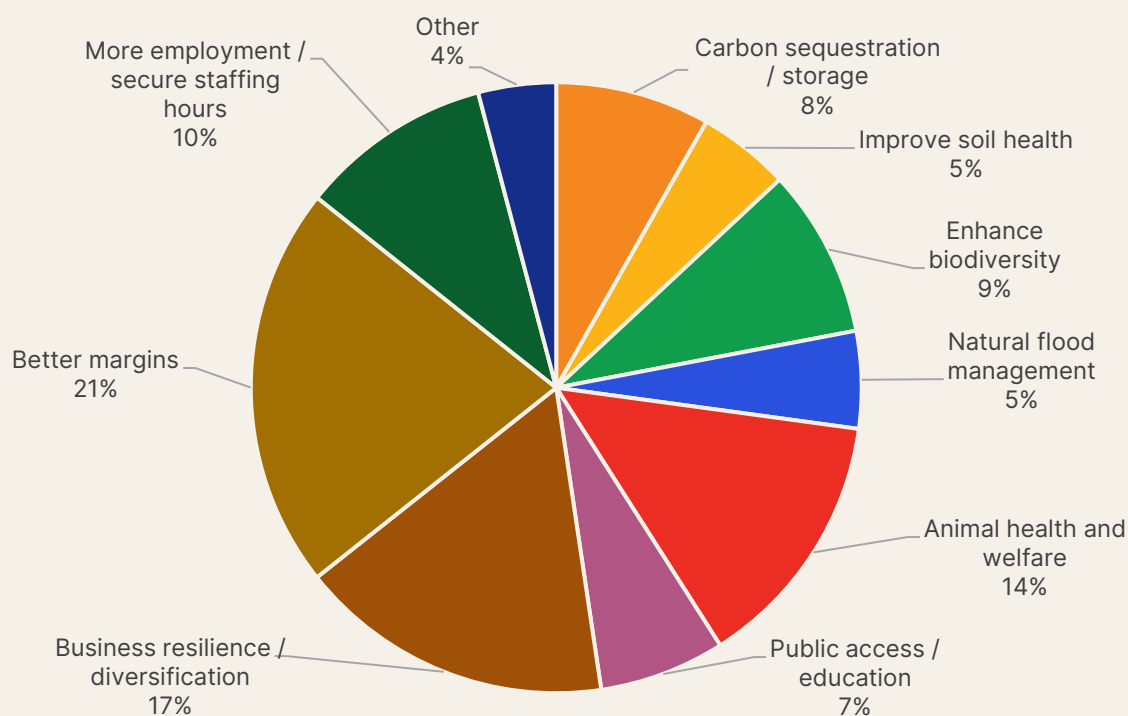
The key benefits that farmers believe will come from supplying into more farmer-focused supply chains and markets include better business margins and fairer prices; a more resilient business; support for delivering nature and climate outcomes; and a closer relationship with customer bases. They felt changing market outlets could certainly help farm businesses be strong, more resilient and better adapted to produce healthy food alongside public goods (e.g. nature, climate mitigation/adaptation, reduce flood risk, and others).

“We currently sell directly to the public and to local butchers. We are happy with that. I would reduce my time input if I sold it all to a butcher/restaurant through a co-op approach.”

Survey respondent

Over a quarter of respondents wanted to do their own retail. One respondent felt that in rural areas there is not enough footfall for farmers markets to be a viable option, so more direct sales may be better. However, looking to their nearby town or city could present many more options. An example of this could be farmers in the North West looking to access and grow more markets like Organic North in Greater Manchester (see case study in this report).

Would changing supply chain help with any of the following?



Predicting the outcome of accessing a new market outlet is not easy, but many farmers do expect to gain multiple benefits such as more secure and better paid jobs, improving on-farm animal health and welfare, delivering more for biodiversity and soil health, as well as being able to pursue plans for nature and climate-friendly farming. More secure hours for staff and employment opportunities were noted by a third of farmers. This is a particularly interesting find when considering the backdrop of labour shortages and issues in the UK food and farming sector.

A 2021 study by the Global Food Security Programme suggests that homogenous processes, low diversity, rigid contracts, and a lack of autonomy exacerbate problems of low resilience in the agri-food supply chain. In response to those issues, the researchers propose that financial capacity, flexibility, more robust logistics and cooperation can help mitigate shocks.²³ These suggestions closely align with our recommendations put forward

based on the results from our survey data, as well as other studies on resilience in the UK food and farming supply chain.²⁴

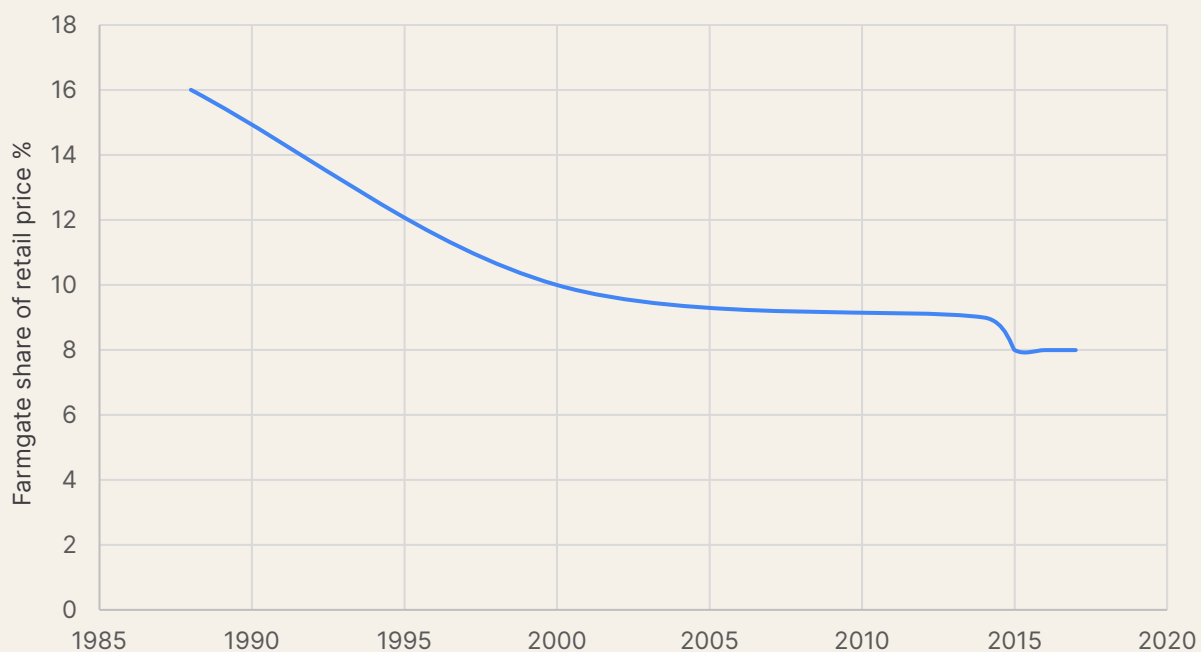
Delivering for climate and nature

Making the link between supply chain activities and environmental outcomes, including flood management, carbon sequestration and biodiversity, was harder to determine, but respondents felt that accessing a new market outlet would improve their chances of delivering these public goods. It is clear from our survey, and evidence of harm from the current systems, that farmers would be able to deliver more for climate and nature if they are supplying through more farmer-focused supply chains. In farmer-focused supply chains, farmers are paid fairly for the delivery of public goods alongside food production. This becomes clearer when considering the huge impact that the centralised, opaque, globalised supply chain has on the natural environment and communities across the world.

23 Merkle, M. et al. (2021) 'How does market power affect the resilience of food supply?' Global Food Security. Vol 30. <https://doi.org/10.1016/j.gfs.2021.100556>

24 Jonathan Han (2019) 'Understanding UK grocery supply chain resilience'. <https://www.arup.com/perspectives/publications/research/section/understanding-uk-grocery-supply-chain-resilience#>

Graph: The farmers' share of the price of a white sliced loaf. Source: Defra, 2015.²⁵



25 Data from Defra reports 'Agriculture in the United Kingdom 2015' and 'Agriculture in the United Kingdom 2018'

A very good example of this is the destruction of rainforest and the displacement of indigenous peoples from their land due to the expansion in growing animal feed in South America and Asia (for example, the Cerrado in Brazil).²⁶

Building relationships with customers

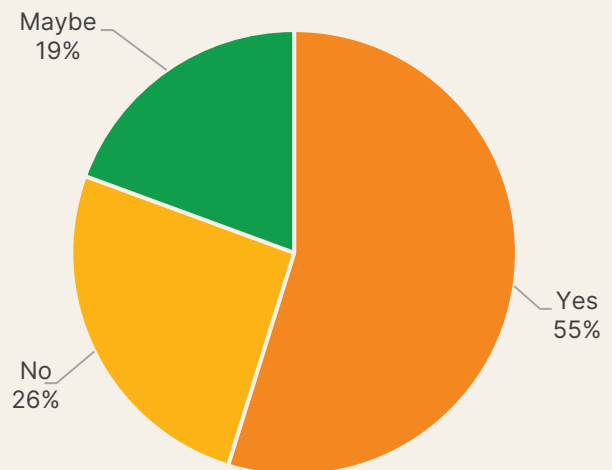
Many farmers also want to be able to have a closer link to the end consumer wanting a “two-way conversation with customers.” One clearly felt customers would be more understanding of the produce if they knew more about the producer: “We would very much like to see our produce being sold to local customers who would be better able to appreciate its provenance and character as a result of seeing the system in operation”.

Cooperatives: “like minded local farmers”

Cooperation and collaboration between farmers would provide significant benefits in terms of economies of scale, spreading risks and learning together.

When we asked farmers about whether they would be interested in starting or joining a cooperative or farmer buying group, over half said yes and 25% said maybe. The need to have a stronger collective approach is ever more urgent in the face of major supply chain actors who often use unfair trading practices to cut prices and push costs and risks back onto farmers and suppliers. As one farmer put it: “we have no say in the prices we get from the supermarkets.”

Would you be interested in joining a cooperative or buying group?



One key need identified by many respondents was for advice that could come from other farmers. This is beginning to work well for sharing ideas at the landscape-scale for environmental and nature actions, for example within the Farmer Cluster initiative with funded facilitators and the Catchment Sensitive Farming initiative.²⁷ Using these existing collaborations and moulding them into fora to discuss markets and infrastructure needs could be a useful step for those farmers involved.

Coops can also help to create leadership and management skills for farmers, while building greater democracy into the food system. This includes giving farmers and producers a greater say in the policy-making and decision-making processes, as well as within the power relations of the food chain.²⁸ We also know that cooperatives can bring economic benefits to farmers, such as acting as lever to access markets for longer and helping to spread costs by acting as a buying group.²⁹

26 The Guardian (2020) 'Revealed: UK supermarket and fast food chicken linked to deforestation in Brazil'. <https://www.theguardian.com/environment/2020/nov/25/revealed-uk-supermarket-and-fast-food-chicken-linked-to-brazil-deforestation-soy-soya>

27 <https://www.farmerclusters.com/> and <https://www.gov.uk/guidance/catchment-sensitive-farming-reduce-agricultural-water-pollution>

28 Gonzalez, R. (2018), *Farmers' Cooperatives and Sustainable Food Systems in Europe*. Routledge.

29 Bijman, J. and Iliopoulos, C. (2014) *Farmers' cooperatives in the EU: policies, strategies and organization*. *Annals of Public and Cooperative Economics* 85: 497–508. <https://doi.org/10.1111/apce.12048>

Conclusions

It is abundantly clear that farmers want to do things differently and better for multiple reasons. Major barriers stifle their ability to do this and it's easy to forget that farmers and growers are often at the mercy of the supply chain. Making those changes does not just require a leap of faith; there needs to be support from the Government, local authorities, citizens and each other (that is, peer-to-peer support structures).

We have seen some movement in the way people want to buy their food, but there are signs that without wider and deeper support for those markets, consumers may revert to the convenience and cheapness of supermarkets. The recommendations listed below should help to ensure that new, better and more farmer-focused markets, supported by local infrastructure and advice, will start to emerge across the UK, in rural and urban areas. This call to arms can deliver a new vision for food and farming systems in the UK which benefit people and planet, and not just shareholders pockets.

Alongside various forms of support, there is also a very clear need for much more effective regulation of markets and supply chains. We need a strong regulatory framework for large-scale retail, processing, manufacturing and food service markets, that is enforced in an effective manner. The Agriculture Act (2020) sets out the legal foundations for implementing new statutory 'fair dealing' supply chain codes of practice and it is important that these are consulted on and then implemented urgently. The Groceries Statutory Code of Practice (GSCOP), which covers the top 13 grocery retailers is enforced by the Groceries Code Adjudicator, which should continue to increase and enforce code compliance and review the code to ensure it is still fit for purpose.

It is time for all of us to come to together to push for a future where agroecological, farmer-focused supply chains and local food systems become the norm across the UK.



Checking on the beehives at a Tamar Grow Local site. Credit: Tamar Grow Local

Policy recommendations

1. The UK Government should create a growth plan to increase the market share of farmer-focused supply chains to 25% by 2035, by identifying barriers and proposing actions that will deliver on targets. Local authorities could then work with stakeholders to mould these plans into something that works at the local-level.
2. The UK Government should create a £500-750 million Local Food Investment Fund (LFIF) to provide strategic support across the UK for investment in localised agri-food infrastructure and enterprise. This could be run over a four year period with this money being a key strategic asset for the successful delivery of growth action plans.
3. Agroecology and farmer-focused supply chains should be put front and centre of the White Paper response to the National Food Strategy (NFS).
4. Local Enterprise Partnerships (LEPs) should be directed to support development of appropriate scale infrastructure and supply chain for local needs to boost capacity and markets for sustainably produced food.
5. Expand the Future Farm Resilience Fund (FFRF) to include advice and training on business and marketing, and channel this through groups like advisory bodies, food partnerships and farm membership organisations who understand local food and farming.
6. In collaboration with local authorities, the UK Government should seek to build a Local Food and Farming Planning Framework which provides planners with the tools and support to encourage small and medium size food and farming business to diversify in a way that creates a strong local food system.
7. Ensure that new trade deals do not undermine UK farmers, by protecting British food and farming standards.

We explore these areas for action in more detail.

Build a strategy and a plan – a Growth Action Plan would identify key barriers, on a local level, while providing strategic oversight of what infrastructure and social networks to invest in. Different localities will require different types of infrastructure, logistics and enterprises, as well as social capital, which is why a Growth Action Plan is an important part of delivering successful change. Our data suggests there is a lack of local markets, especially in rural areas, so identifying such barriers can give direction and shape advice that is appropriate for local areas. The key target should be a 25% market share for farmer-focused supply chains in the UK by 2035. The plan can be a collaboration between the Government, local authorities and local stakeholders including Local Enterprise Partnerships (LEPs), producers (including farmers and growers) and suppliers.

Invest in the future – public and private investment in infrastructure and enterprise start-ups will be a critical element of delivering the

Growth Action Plan. We propose a Local Food Fund worth at least £500 million per year up until 2035. The Government can channel public money from existing budgets including the Farm Equipment and Technology Fund (FETF), the Levelling Up Fund (LUF) (worth £4.8 billion³⁰), and the Community Ownership Fund (COF) (worth £150 million³¹), as well as directing Environmental Land Management³² (ELM) funding to support farmers into agroecology. Local Enterprise Partnerships (LEPs) should have a remit for supporting local food systems. Funding should also be used to help

30 HM Treasury (2021) 'Levelling Up Fund: prospectus'. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/966138/Levelling_Up_prospectus.pdf

31 MHCLG (2021) 'Community Ownership Fund: prospectus'. <https://www.gov.uk/government/publications/community-ownership-fund-prospectus/community-ownership-fund-prospectus>

32 Defra (2021) 'Environmental Land Management schemes: overview'. <https://www.gov.uk/government/publications/environmental-land-management-schemes-overview>

create and establish social networks, including existing avenues like the Future Farm Resilience Fund³³ (FFRF) and the Facilitation Funds. This kind of investment will help to stimulate local economies, create jobs, deliver greater benefits for climate and nature, and build more thriving and resilient communities.

Market advice and training – Farmers told us they do not necessarily have the time, skills or know-how to do market research and marketing. Supplying through farmer-focused supply chains requires a more hands-on approach and an understanding of digital platforms, sales and other technology. We recommend the Government expands the Future Farm Resilience Fund (FFRF) to include provision of business and marketing advice and training, and guarantees annual funding up until 2025. This advice and training could be delivered by groups like food partnerships and farmer membership organisations who are independent and understand local food and farming. These groups could work with farmers to connect them with local networks and information, while bringing in experts to deliver workshops and training sessions.

Planning for a better future – The planning system can often be a barrier for small and medium sized food and farming enterprises. We propose that the Government works with local authorities to create a Local Food and Farming Planning Framework. Local authorities can tailor this to their local area. A framework, based on a small number of simple guidance tools, can help planners make more informed and positive decisions when it comes to accepting proposals that will benefit the local food system. It could help planners understand that local food and farming enterprises can deliver multiple benefits to the public. An additional tool could be the ability to refuse planning permission for more multiple retail outlets. However, the nature of food retail is rapidly changing, with more online sales and more competition, so local competition tests, as proposed by the Competition Commission in 2010, may no longer be appropriate.

Thoughtful trade – To ensure that British farmers and the UK food system are not undermined by poorly negotiated trade agreements, the UK Government must implement the recommendations set out by the Trade and Agriculture Commission (TAC)³⁴ and the National Food Strategy (NFS).³⁵ These two reports recommend that the UK Government maintains and protects British food and farming standards, which includes the creation of core standards for imports. By taking a more transparent approach to trade, the Government can give greater certainty to farmers who clearly want to adapt their business towards supplying better and fairer markets. They can also keep to their 2019 manifesto promise to maintain UK animal welfare, environment and food standards in trade.

33 Defra (2021) 'Future Farm Resilience Fund: supporting farmers through transition'. <https://defrafarming.blog.gov.uk/2021/03/25/the-future-farming-resilience-fund-supporting-farmers-through-transition/>

34 Trade and Agriculture Commission (2021) 'Trade and Agriculture Commission: Final Report'. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/969045/Trade-and-Agriculture-Commission-final-report.pdf

35 National Food Strategy (2021) 'National Food Strategy: The Plan'. <https://www.nationalfoodstrategy.org/the-report/>

Annex – the survey questions

Question	Multiple choice answers
1) Age?	<ul style="list-style-type: none"> • <20 • 20-29 • 30-40 • 41-50 • 51-60 • >61
2) Gender?	
3) Role?	<ul style="list-style-type: none"> • Landowner/occupier • Tenant • Farm Manager • Farm worker • Other (please specify)
4) Region?	
5) Farm type?	<ul style="list-style-type: none"> • Arable • Mixed farming • Dairy • Beef • Sheep • Pig • Poultry • Horticulture • Other (please specify)
6) Farm size?	<ul style="list-style-type: none"> • 0-20 hectares • 21-50 hectares • 51-100 hectares • 101-200 hectares • 201-500 hectares • Other (please specify)
7) Production certificate?	<ul style="list-style-type: none"> • Organic • LEAF • Pasture for Life • Red Tractor • RSPCA Assured • Other (please specify) • No certification
8) Markets sold to?	<ul style="list-style-type: none"> • Supermarket/processor/manufacturer • Non-supermarket wholesale • Large-scale national trading platform (e.g. large cooperative) • Unknown (i.e. through a middle-person/trader) • For export • Direct to customer (e.g. online sales, box scheme, market stall, farm shop) • Food hub (e.g. established box scheme, online market place) • Independent shop (e.g. butcher, grocer, bakery, farm shop) • Food service and/or hospitality (e.g. restaurant, caterer) • Other (please specify)

-
- 9) Opportunities from those markets
- Instant market access
 - Able to sell large quantities of produce
 - Streamlined logistics such as transport, delivery and invoicing
 - Brokerage and maintain relationships and markets
 - Better price
 - Business resilience and stable income
 - Better market control
 - Direct link to customer
 - Supports my future nature and climate-friendly farming plans
 - Allows farming diversification options
 - More flexible for seasonal produce and varieties
 - Shorter journeys for fresh produce and/or animals
 - Networking/relationships
 - Other (please specify)
-
- 10) Which markets would you prefer to sell into?
- Supermarket/processor/manufacturer
 - Non-supermarket wholesale
 - Large-scale national trading platform (e.g. large cooperative)
 - Unknown (i.e. through a middle-person/trader)
 - For export
 - Direct to customer (e.g. online sales, box scheme, market stall, farm shop)
 - Food hub (e.g. established box scheme, online market place)
 - Independent shop (e.g. butcher, grocer, bakery, farm shop)
 - Food service and/or hospitality (e.g. restaurant, caterer)
 - Other (please specify)
-
- 11) What opportunities does those markets offer?
- Instant market access
 - Able to sell large quantities of produce
 - Streamlined logistics such as transport, delivery and invoicing
 - Brokerage and maintain relationships and markets
 - Better price
 - Business resilience and stable income
 - Better market control
 - Direct link to customer
 - Supports my future nature and climate-friendly farming plans
 - Allows farming diversification options
 - More flexible for seasonal produce and varieties
 - Shorter journeys for fresh produce and/or animals
 - Networking/relationships
 - Other (please specify)
-
- 12) Would you like to sell into different markets (scale of 1 to 5)?
- Yes
 - Maybe
 - Unsure
 - Unlikely
 - No
-
- 13) Do you have access to local food infrastructure?
- Own retail space
 - On-farm processing facilities
 - Packer and/or distributor
 - Abattoir, cutting room and/or butcher
 - Miller and/or oilseed presser
 - Creamery
 - Storage facility (e.g. cold store, refrigeration, warehouse)
 - Established box scheme, food hub and/or farmers' market
 - Independent retailer (e.g. butcher, grocer, bakery)
 - Independent restaurant and/or pub
 - Transport and/or logistics options
 - IT systems/software
 - Other (please specify)
-

-
- 14) Barriers to changing market?
- No local food infrastructure
 - No local markets to supply
 - No access to affordable finance to make changes
 - No access to marketing advice or skills
 - Lack of time to do market research and/or marketing
 - I believe I don't grow food that can be sold locally
 - Would need a cooperative or collaboration with other farmers
 - No interested (happy with current situation)
 - Lack of access to the right IT systems/software
 - Other (please specify)
-

- 15) What local food infrastructure would you need?
- Own retail space
 - On-farm processing facilities
 - Packer and/or distributor
 - Abattoir, cutting room and/or butcher
 - Miller and/or oilseed presser
 - Creamery
 - Storage facility (e.g. cold store, refrigeration, warehouse)
 - Established box scheme, food hub and/or farmers' market
 - Independent retailer (e.g. butcher, grocer, bakery)
 - Independent restaurant and/or pub
 - Transport and/or logistics options
 - IT systems/software
 - Other (please specify)
-

- 16) Would changing supply chain help with any of the following?
- Carbon sequestration and storage
 - Soil health improvement
 - Enhance biodiversity
 - Natural flood management
 - Animal health and welfare
 - Public access and/or education
 - Business resilience and/or agricultural diversification
 - Better margins (i.e. income)
 - More employment and/or secure hours for staff
 - Other (please specify)
-

- 17) Would you be interested in joining a cooperative?
- Yes
 - No
 - Don't know
-

18) General feedback

Beyond the farmgate

Unlocking the path to farmer-focused supply chains and climate-friendly, agroecological food systems

A Sustain publication

Authored by James Woodward and Vicki Hird

October 2021

About Sustain

Sustain: The alliance for better food and farming, advocates food and agriculture policies and practices that enhance the health and welfare of people and animals, tackle climate change and restore nature, improve the living and working environment, enrich society and culture, and promote greater equality. It represents around 100 national public interest organisations, and cultivates the movement for change, working with many others at local, regional, national and international level.

Sustain: The alliance for better food and farming

sustain@sustainweb.org

www.sustainweb.org

Sustain, The Green House
244-254 Cambridge Heath Road
London E2 9DA
Tel: 020 3559 6777



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