

Welcome

OFC 2023 REPORT LAUNCH



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SUPPLY CHAIN SYNERGIES

What is the appropriate
role of supply chains in
achieving
responsible production at
farm level?

A Forum for the Future
report

FORUM
FOR THE
FUTURE

In partnership
with



The Challenge

- Food production crisis



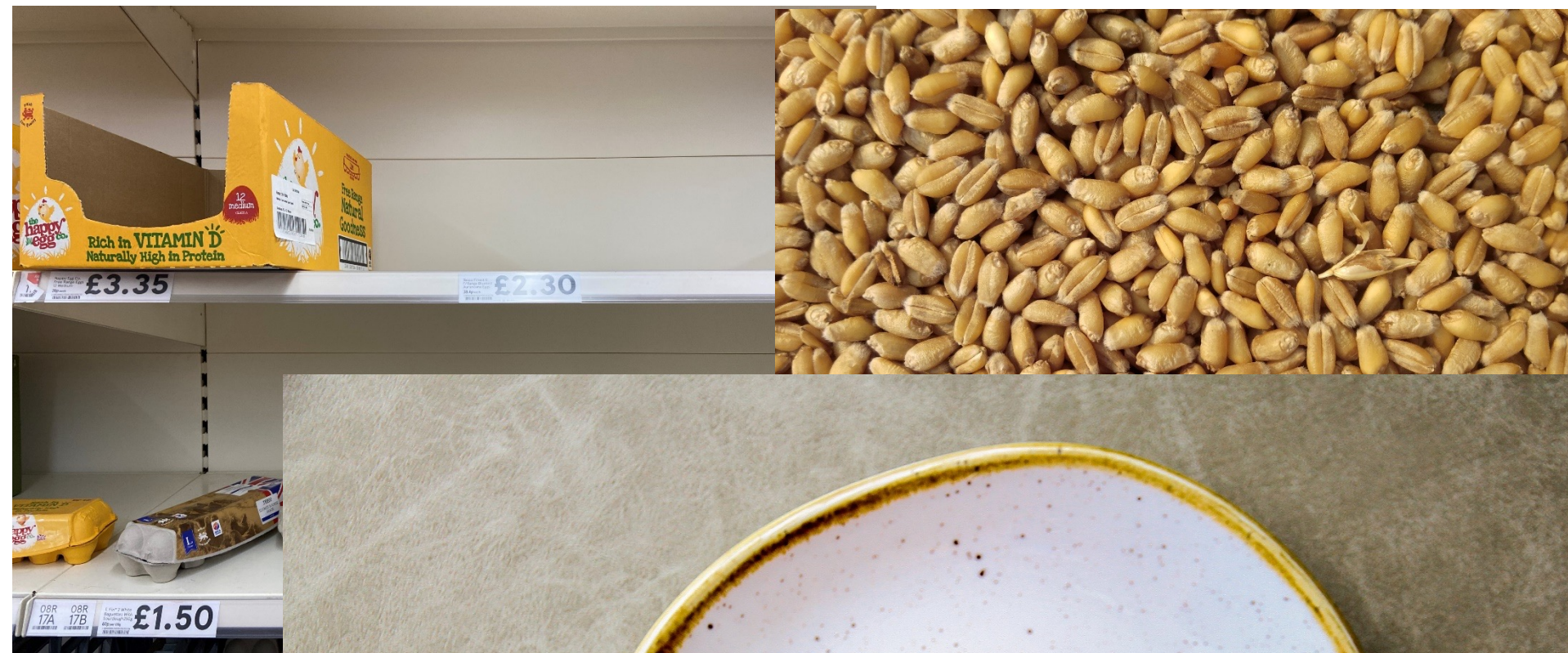
The Challenge

- **Food production crisis**
- **Cost of production**



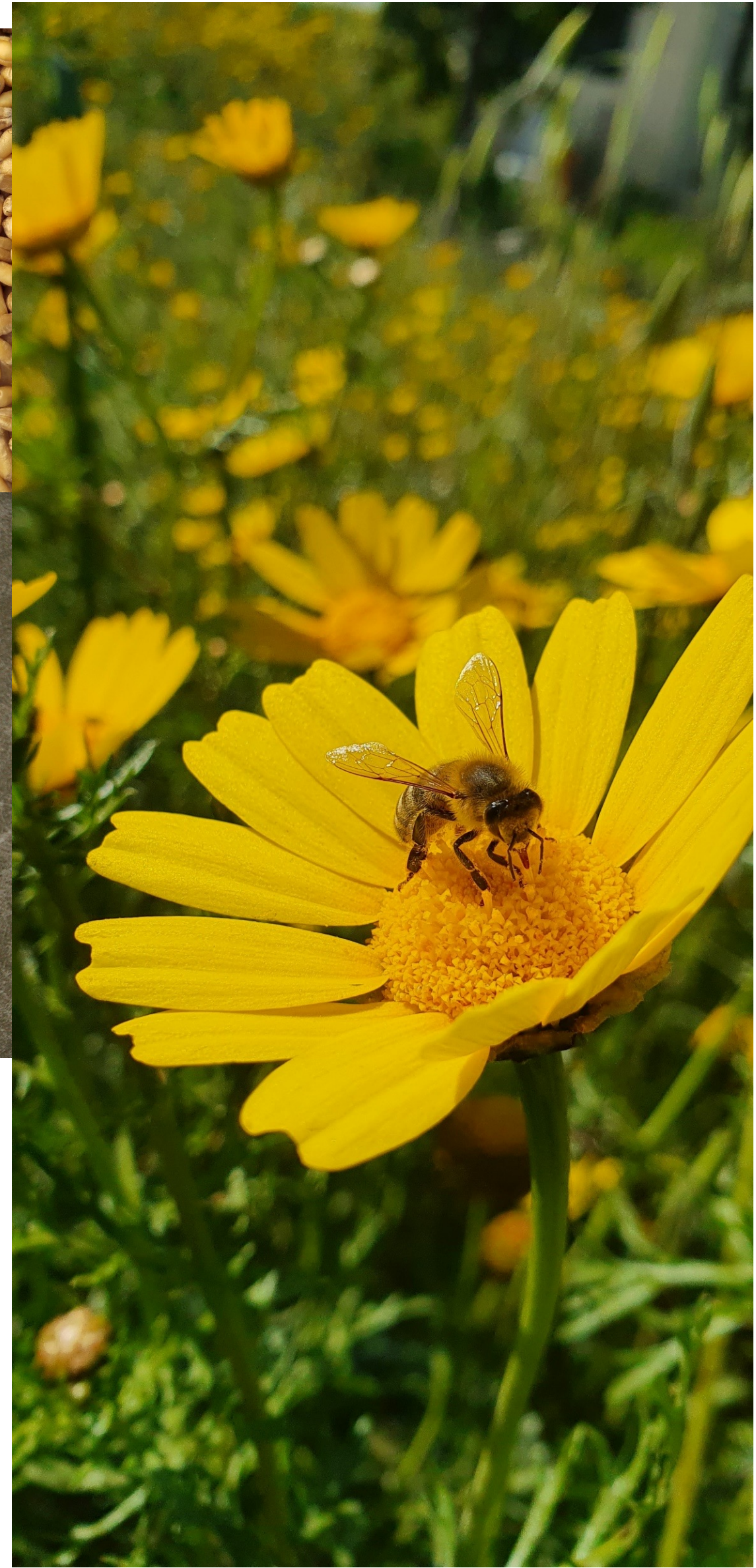
The Challenge

- **Food production crisis**
- **Cost of production**
- **Cost of living and access to healthy affordable food**



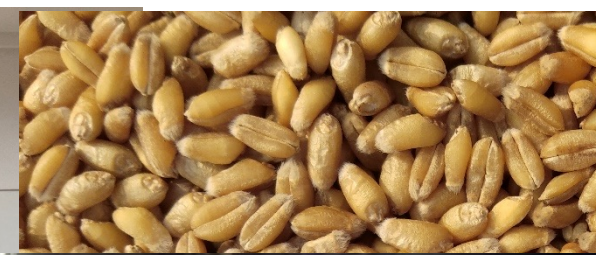
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- **Food production crisis**
- **Cost of production**
- **Cost of living and access to healthy affordable food**
- **Environmental targets and goals**
- **Regeneration of biodiversity**



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- **Competing demands for land**



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- **Competing demands for land**
- **Transformation of farming practices**

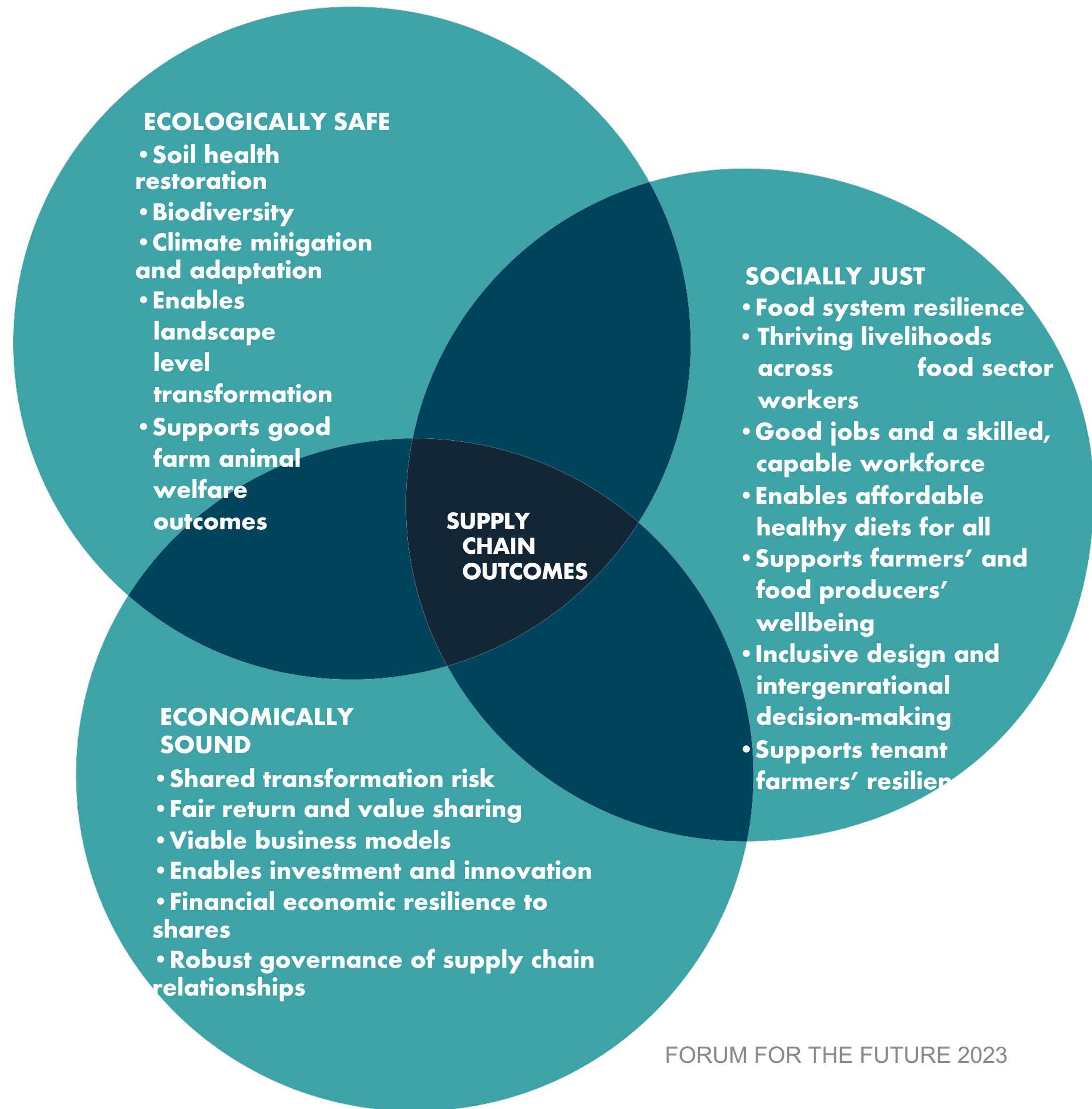




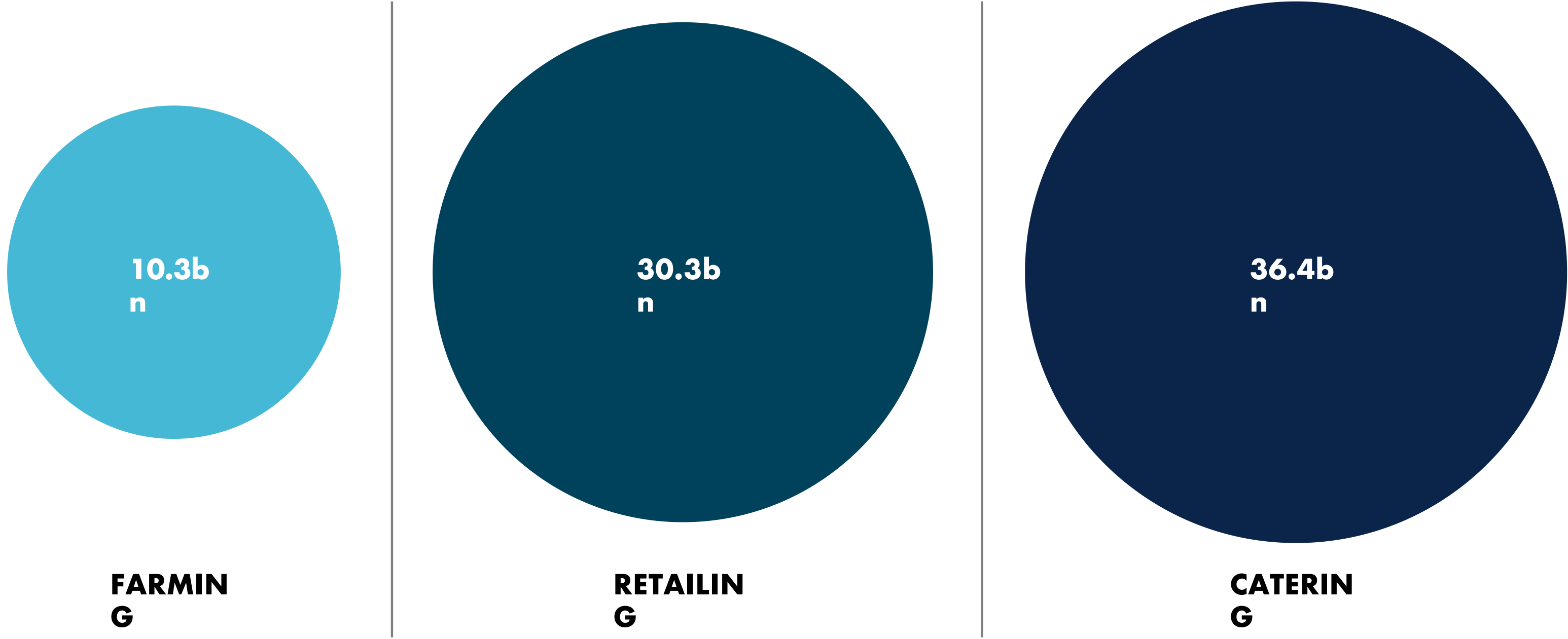
What role can food and farming supply chains play in delivering positive social and environmental outcomes and what is the appropriate role of policy?

- 1. How are supply chains supporting transformation—and are we doing enough?**
- 2. Where can we unlock and accelerate transformation and where are signs of this change already happening?**
- 3. If the future of food, farming, and the farmers and growers who deliver it, are a priority for the UK, will our current policy environment enable this shift—or what more is needed?**

Transforming the goals of UK food and agriculture supply chains



Economic comparison of revenue in the UK food system



Adapted from UKRI (2020)

Who profits from UK farming?

Almost 1/3 of farming operations make zero profit

Middle actors such as processors create larger % profits and often carry lower production cost risks

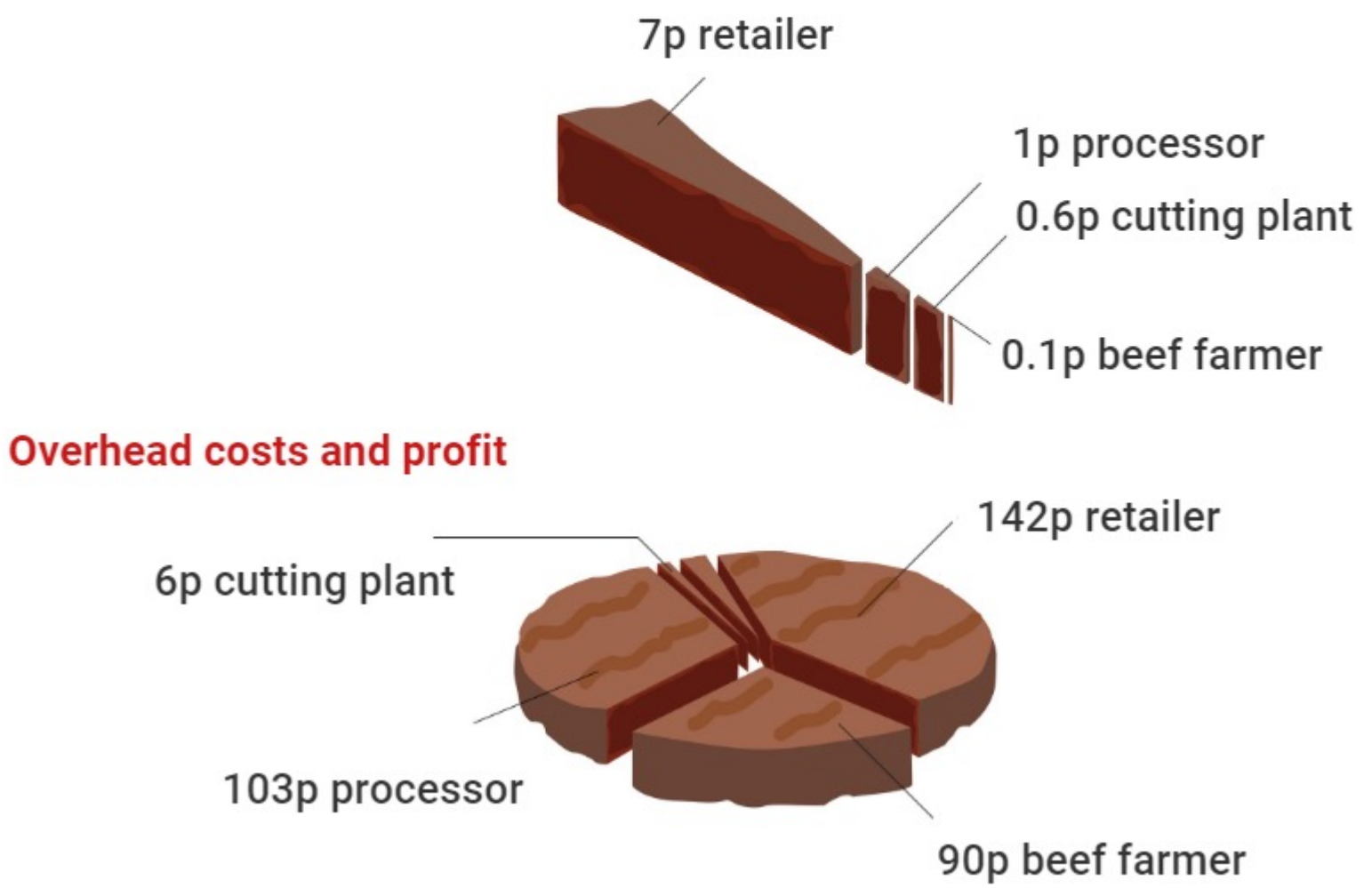
Farmers receive only fractions of % of final retail cost of everyday products



Who profits from UK farming?

Beefburgers (retail price £3.50)

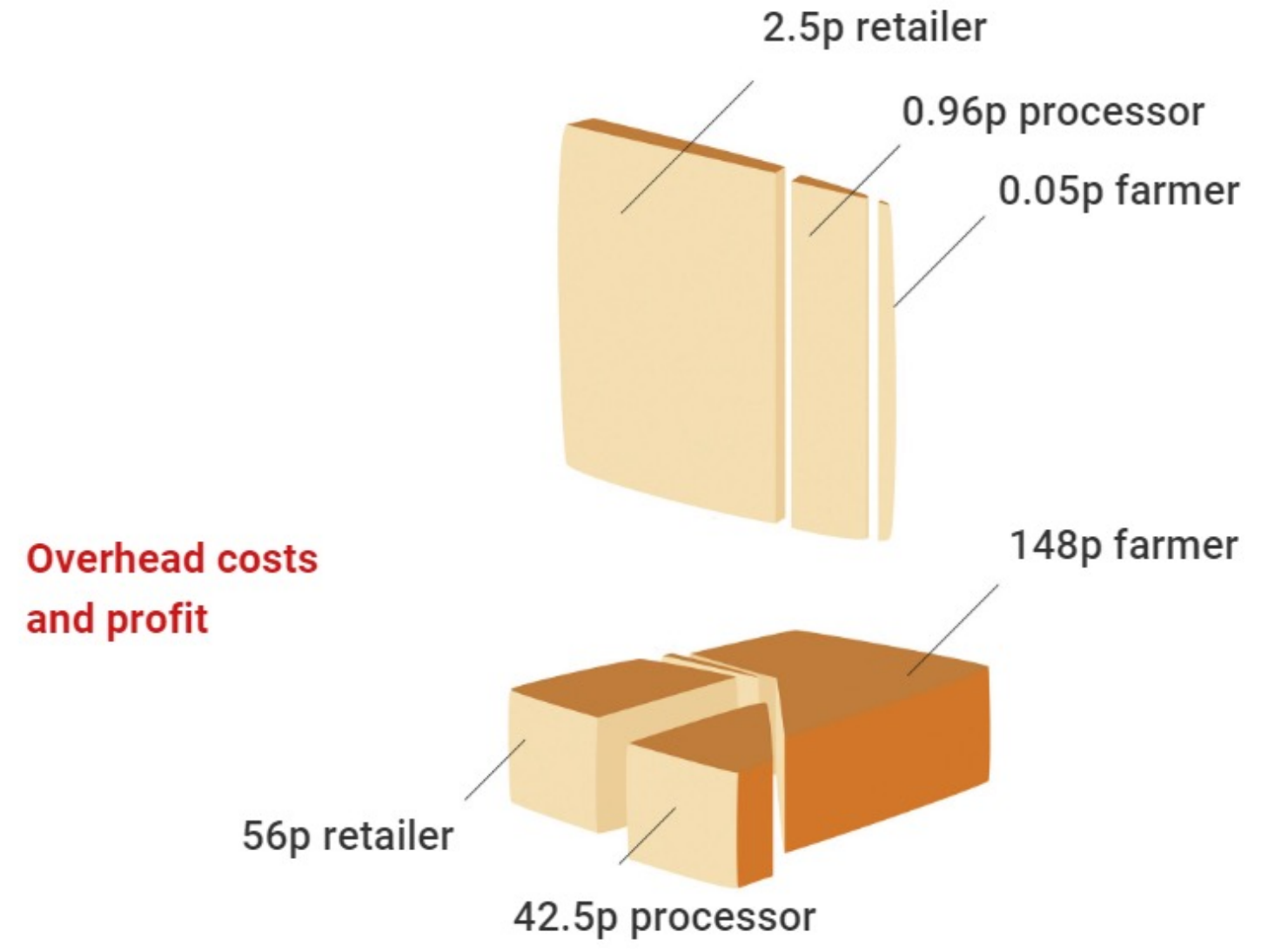
Profit (8.7p)



Source: Unpicking Food Prices report, Sustain

Cheddar (retail price £2.50)

Profit (3.5p)



Source: Unpicking Food Prices report, Sustain

Sustain, 2022, Unpicking Food Prices. Images reproduced from Farmers Weekly, 2022

BARRIERS TO TRANSFORMATION OF UK SUPPLY

CHAINS

The current food and agriculture system is designed for 20th century goals and needs

Investment and financial models are only just waking up to environmental and social risks

Market does not reward social and environmental outcomes or value natural capital

OPERATING CONTEXT

Land access and tenancy structures may not support longer term transformation

Business models reward least cost and prioritise shareholder return

Policy on finance, agriculture, health and climate is siloed

Higher yields and efficiency are default measures of success

Policy and regulatory frameworks do not adequately support transformation

Metrics and data are inconsistent on environmental outcomes

Highly consolidated food business limits routes to market

FOOD AND SUPPLY CHAIN SYSTEM BEHAVIOUR

Supply contracts are short term and asymmetric

Market based models and incentives do not support robust farmer livelihoods

Supply chain infrastructure is built for intensive, specialised systems

Transparency of information through the supply chain is insufficient

Agriculture research agenda is still focused on efficiency and 20th century production methods

FARMERS, LAND AND FOOD PRODUCTION

Access to reliable information on impact of transformation

Lack of clarity of ambition for transformation

Financial rewards do not effectively incentivise environmental and social outcomes

Short term/precarious tenancies and financial relationships prevents longer term decision making and investment

Limited access to farmer relevant knowledge and skills development

The business case for adoption of new practises is unclear



What do farmers need?

- 1. Rethinking fairness – prices, contract terms, reciprocity, true cost**
- 2. Sharing cost, risk and implementation of transition**
- 3. New supply chain behaviour**



Future supply chains

New supply chain behaviour:

- **Embedding fairness along the supply chain**
- **Potential to diversify crops, products and income streams**
- **Harmonised standards for environmental and social outcomes**
- **Transparency throughout the supply chain**
- **Deeper consumer engagement to drive demand**

Business breakthroughs

- 1. Value linked to sustainable production and consumption**
- 2. Centred on farmers**
- 3. Equitable value and shared risk and investment**
- 4. Aligned business strategy**
- 5. Improved transparency**
- 6. New business models**



Innovative business models

- 1. New routes to market that increase farmers' profit share**
- 2. Infrastructure and collective action to scale**
- 3. Stacked enterprises and diversification**
- 4. Connecting to consumers**
- 5. Localised supply chains**
- 6. New marketing and branding**



Policy foundations already exist

Payment for public goods

Increasing Producer Organisation power

Supply chain transparency throughout

Production cost support

Integrated policy across jurisdictions

Future facing policy

Policy potential

- **Policy integration**
- **Enhanced supply chain governance**
- **Policy ambition for land restoration**
- **Policy fosters cross-sector collaboration**
- **Policy enables harmonised data**
- **Promotes future-fit skills**
- **Supportive trade policy**



Investing in the future of UK farming

Public and private investment linked to environmental and social outcomes

Longer-term strategic financing

Investment supports new regenerative business models



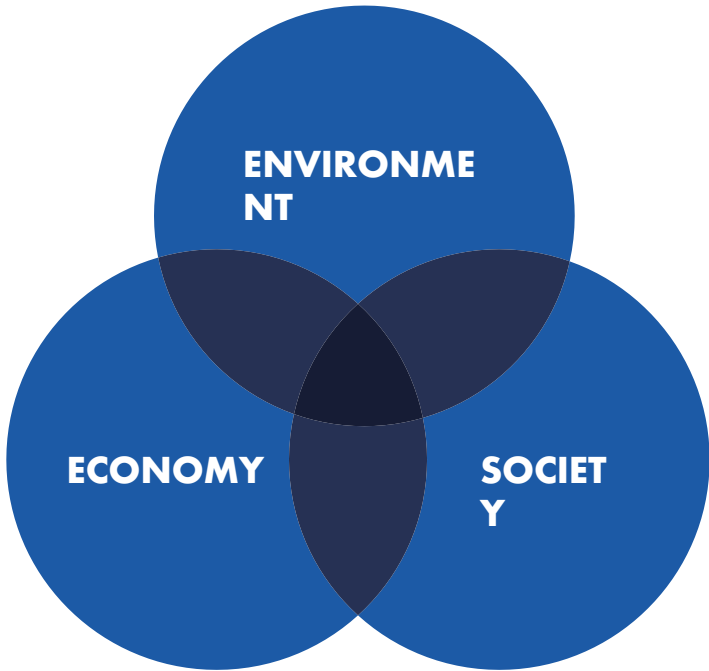
GOOD FOOD AND FARMING GOVERNANCE

FAIR SUPPLY CHAIN RELATIONSHIPS

LAND USE FRAMEWORKS BALANCE COMPETING

VOLUNTARY ACTION

- Value linked to sustainable production and consumption
- Centred on farmers
- Equitable value and shared risk and investment
- Aligned business strategy
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- New business models



FINANCE AND INVESTMENT

- Public and private investment linked to environmental and social outcomes
- Longer-term strategic financing
- Supports new regenerative business models

POLICY

- Policy integration
- Enhanced supply chain governance
- Supportive trade policy
- Policy ambition for land restoration
- Policy fosters cross-sector collaboration
- Enables harmonised data
- Promotes future-fit skills

SUPPLY CHAIN OUTCOMES

Ambition loops

for supply chain transformation

This report was commissioned by the Oxford Farming Conference (OFC) to inform the debate between food system stakeholders and food producers on the UK's food supply chain and what is needed for a thriving food future.

Produced by Forum for the Future in partnership with the OFC, Savills and WWF.

Author and lead researchers: Lesley Mitchell, Carrie Bewick, Felicity Butler, Valentina Toledo and Neil Walker.

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Forum for the Future's work on food and agriculture transformation in the UK is



**John Ellerman
Foundation**



Questions

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Emily Norton
OFC Chair 2022-23

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