



Harvesting Optimism: Understanding the British Food Industry's Struggle for Self-Sufficiency

City Harvest:

Value of Food Redistribution Report

October 2024

Brexit & Climate Change: Increased costs threaten the UK's food self-sufficiency

If, from the 1st of January 2024, people in the UK only ate food produced domestically, there would be no food left by mid-August.¹ As the UK relies on food from abroad for over a third (38%) of its food, the need to improve the UK's food self-sufficiency is crucial. **This Value of Food Redistribution report serves as a starting point for discussions on the challenges facing the food industry, hindering the country's self-sufficiency, and how these will affect the UK population.**

The UK's self-sufficiency in fresh vegetables is at its lowest ever recorded. Due to extremely wet weather, vegetable yields decreased by nearly 5% in 2023.² With Brexit, these figures are particularly concerning as the UK mostly imports food from the Netherlands, France, Ireland, Belgium, Spain and Germany – all EU countries.³ Reliance on imports of fresh produce – which plays an important part in people's health – is particularly critical.

48%

The UK imports nearly half of its vegetables and over 80% of its fruits.

80%

The UK food industry plays a critical role in securing self-sufficiency in healthy and affordable food. However, fulfilling this mission is becoming increasingly more difficult. Despite some positive developments in the regulation of fruit and vegetable imports from the EU and Switzerland, **the food industry has been significantly affected by unfavourable trade and climate conditions – from post-Brexit checks and charges to the UK experiencing its wettest year on record.** Both challenges are expected to increase food prices at a time when the UK population – especially the poorest – have already been disproportionately affected by existing food price inflation.⁴ **Exacerbating these issues, households and businesses are facing increasing energy costs that have a two-fold impact on food security.** First, with no price cap on non-domestic energy, businesses' increased energy bills will drive higher food prices for consumers.⁵

Second, as households struggle to pay their energy bills (with the energy price cap increased by 10%), they will have less income to spend on healthy food.⁶

City Harvest plays a critical role in alleviating this crisis: by redistributing surplus food, it feeds people who are finding food increasingly unaffordable. At the same time, by collecting surplus food from industry, it is well-positioned to articulate the current challenges and proposed solutions from the industry's perspective. The data and insights behind this report have been gathered from comprehensive desk research as well as a bespoke survey of representatives from a wide range of food businesses, including producers, manufacturers, sales and marketing agents and food service.

Our research finds that there is:

- **A grim outlook for self-sufficiency in 2024/2025 due to trade and climate issues, particularly as a result of increased production costs;**
- **Dangerous uncertainty regarding crop production and the regulatory landscape, particularly as crop yields decline and Brexit policies evolve, costing the industry more than previously anticipated;**



- **A vital need to promote and protect British farming** through the diversification of crops and investment in new technologies to strengthen the farming sector in the UK;
- **A critical role for the food redistribution system** to enable people to access nutritious and healthy food that may remain unaffordable this winter.



Unfavourable trade and climate conditions are the top two challenges facing the UK food industry.

Understanding the effects of these issues is critical for their mitigation, for empowering consumers and for strengthening the UK's food self-sufficiency.

Trade challenges

Earlier this year, new post-Brexit physical checks were introduced for 'the highest risk goods,' including chilled and frozen meat, fish, cheese, eggs and dairy products.⁷ **The additional costs incurred by businesses due to these checks have significantly exceeded original estimates, largely due to the Government's miscalculations.**⁸ One estimate made by Allianz claims that the new border controls could cost UK importers up to £2bn, with dairy, meat and fish the most affected by resulting inflation.⁹

In a move that has been welcomed by the food industry, the Government has further delayed the implementation of border checks applicable to fruit and vegetable imports and changed certain products' risk categorisation, thereby exempting them from checks and fees altogether.¹⁰ However, limited testing capacity at the border is resulting in longer delays, a shorter shelf life for food coming into the UK and extra costs for those food categories that are still subject to checks – deterring businesses (but particularly SMEs, or small- to medium-sized businesses) from exporting to the UK, thus contributing to rising food prices.¹¹

3 out of 4

food industry respondents reported a moderate, high or severe impact of Brexit checks and charges on their business (of which nearly half reported either high or severe impact);

71%

Of respondents report that the added burden of administrative paperwork is the most significant impact on their business post-Brexit. This is followed by import costs (65%) and delays in receiving goods (39%).

65%

Of respondents believe that there needs to be more government support for domestic agriculture to improve self-sufficiency post-Brexit.

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12. Laurie Laybourn et al, "The Security Blind Spot: Cascading Climate Impacts and Tipping Points Threaten National Security," Institute for Public Policy Research, October 2024. <https://ippr-org.files.svdcdn.com/production/Downloads/The-security-blind-spot-October-24.pdf>.

Climate challenges

The UK has suffered the wettest 18 months ever recorded, disrupting British farmers’ ability to grow key crops including wheat, winter and spring barley, oats and rapeseed. The total harvest for these key crops is down by over 13% this year compared to the five-year average, and, according to estimates, England is also set to experience its third worst harvest since records began (behind 2020 and 2001). **If the harvest happens to be just 5% less than current estimates, it will mark Britain’s worst this century**, leaving the UK even more dependent on imports to meet the demand for bread and other baked goods. This further affects food affordability, as adverse

weather patterns are estimated to have caused a third of **UK food price inflation in recent years**.¹³

It therefore comes as no surprise that farmer confidence is at a critical low, **with half of farmers feeling unsure about their future in farming**. Farmers are increasingly forced to make changes – of those who report doing so, 1 in 4 plan to reduce the size of their businesses, and a further 1 in 10 plan to leave farming altogether in the next 3 to 5 years.¹⁴ According to a new report by Abel & Cole, nearly half (47%) of organic farmers have been so badly affected by floods and extreme drought that they have been forced to change their crops to diversify their offerings.¹⁵



45%

Of respondents report that reduced crop yields and delayed harvests are the most common effects of wet weather. This is followed by increased production costs and quality issues (both 42%).



65.2%

Of respondents reported the need to diversify crops and invest into climate-resilient crops to improve self-sufficiency in the long-term.



44%

Nearly half of respondents reported that investment into agriculture technology (such as weather forecasting and water management) was particularly important following Brexit;

2024-25 winter predictions

Overall, **only 1 in 10 survey respondents are optimistic that UK self-sufficiency will improve by the end of 2025**.

When asked to elaborate on their selection of the most significant challenges (labour shortages, regulatory changes, supply chain disruptions and climate change), one respondent said:

The constantly evolving post-Brexit regulatory landscape, demonstrated by the repeat delays in the implementation of border checks on certain products or the newly announced scrapping of the ‘Not for EU’ food labels, has heightened the food industry’s uncertainty about the year ahead.¹⁶ Despite some positive changes, Brexit is still expected to generate significant costs in 2025. According to the Fresh Produce Consortium, import checks are expected to cost the fruit and vegetable industry £200 million pounds.¹⁷



The most significant challenges for the food industry are

increased production costs

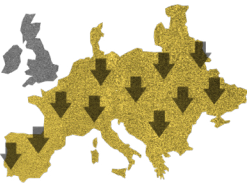
77%

followed by labour shortages

42%

and regulatory changes

39%



“It is a shame that it is cheaper to buy from the continent than locally.”

The Met Office has warned that the UK faces another autumn and winter of destructive floods, as some areas received 100% of their average September rainfall already in the middle

of the month.¹⁸ Climate change remains a major challenge for the UK and requires a strategic response for investment to mitigate and ultimately reverse its effects. It is imperative to maintain and extend domestic crop production, as **crops provide over two thirds of the UK population’s calorie intake**.¹⁹

Ripple effects on consumers

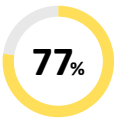
The combined effects of Brexit – as food industry bodies have warned²⁰ – and wet weather are likely to increase food prices for consumers. Though food prices are rising across the board, impacting both domestically grown and imported food, domestic foods remain the most unaffordable and thus inaccessible to consumers²¹ – a major concern, given that **72% of Brits prefer to buy domestically grown fruit and vegetables**.²²

The most vulnerable are experiencing a continuous decline in their disposable income due to the rising prices of essential goods like food. The poorest have already been disproportionately affected by rising

THE COSTS TO PURCHASE UK-GROWN PRODUCE VS. IMPORTED PRODUCE		
ITEM	COST TO BUY LOCAL (£/KG) ²³	COST IMPORTED (£/KG) ²⁴
Classic Vine Tomatoes	£8.00	£2.38
Raspberries	£23.92	£12.67
Brown Onions	£1.79	£0.95

food prices due to ‘cheapflation,’ where the prices of cheaper brands producing staples like milk, pasta and butter rose faster (36%) than more expensive brands (16%).²⁵ In addition, as the Government recently decided to scrap the Winter Fuel Payments, more pensioners will have to once again face the choice between heating or eating this winter.²⁶ One respondent noted ‘the constantly changing consumer demands’ as one of the key challenges for the UK food industry this coming season.

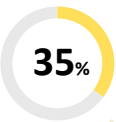
In 2022 and 2023, households saw their food bills rise by an average of £361.²⁷ Because food prices and energy bills are already increasing, many people have had to turn to food assistance services like City Harvest and their charity partners. With **food parcels reaching a new high of over 3 million distributions earlier this year**, winter 2024/2025 will be particularly challenging. From November 2023 to January 2024, 3 out of 4 of food banks reported an influx of people seeking help for the first time and an overall increased demand due to the rising cost of living.



Most respondents anticipate that consumers will shift towards cheaper alternatives.



Food industry survey respondents perceive these categories as the most likely to be affected by price increases this winter:



A third says that consumers will reduce overall spending this winter.



Meat | Poultry
(48% of respondents)



Fresh fruits | Vegetables
(45% of respondents)



Grains | Cereals
imported specialty items 30%

Food SROI Review:

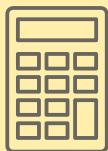
For every pound City Harvest spends, it generates a social return of £6.50.



The Food SROI illustrates that redistribution through City Harvest can be a critical savings measure for both food donors and charity partners during financially challenging times.

"One of the worst things for us as a business is to throw away our product. Redistributing it with City Harvest ensures that no edible food goes to waste, and it gets to those in need."

- Jason Tanner, Founder of The Menu Partners and Premier Foods Wholesale



Social Return On Investment

Food SROI - 1t = £3,550

For every 1 metric tonne redistributed:



£3,550

of positive impact for food recipients and food donors



2,400

meals to those in need.

Breakdown of the Key Categories for Social Impact on Food Donors & Charities:

Food for Charities

£3,450 = Reduced Food Expenditure for Charities

- Reduced costs to provide meals
- Reduced fuel and labour costs as a result of not having to purchase food themselves

1t = £33.88 of fuel savings for charities

For every 1 metric tonne redistributed by food donors, charities are able to save £33.88 on fuel expenditures related to food provision. As energy prices increase, the ability for charities to save on fuel and divert the resources into other programming is critical.

Food Donors

£100 = Reduced Waste Disposal Costs for Food Donors

- Reduced cost of transport to disposal when food is collected by CH
- Reduced cost of disposal via landfill, compost and incineration
- Last year, thanks to the reduction in waste disposal costs, City Harvest donors saved:

Total landfill transport cost: £172,000

Total landfill, incineration and compost cost: £694,000

These are savings for food donors to reinvest into their businesses.

The following recommendations have been developed based on the research and insights from food industry professionals:

1. Effective and clear policy objectives that support domestic food production and minimise supply chain disruptions and potential food price hikes:

- Clarify post-Brexit arrangements and trade policies between the UK and the EU, including the movement of workers and particularly seasonal workers;
- Implement measures that minimise disruptions and remove the unnecessary administrative and financial burdens on the food industry.



2. Support British farming by transforming the public sector procurement model and establishing long-term partnerships:

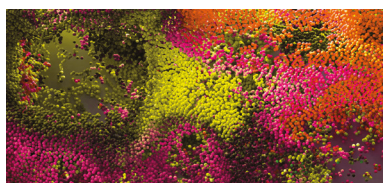
- Boost farmer confidence by supporting the Public Procurement Bill and reduce market barriers for British producers and SMEs;
- Develop a public sector procurement model that is transparent and values domestic production over minimising costs;
- Establish long-term retailer and farmer partnerships to provide farmers with the security and stability to operate and borrow capital to invest into their businesses.

3. Develop a centralised coordination mechanism for redistribution between the government, the third sector and businesses:

- Develop financial and data sharing mechanisms, including match funding, corporation tax rebates and the establishment of hubs across the UK;
- Develop an information sharing platform to encourage smart and collaborative distribution systems across the supply chain;
- Improve collection methods through cross-sectoral cooperation that focus on the timing of donations for companies in geographical proximity to one another, the incorporation of small businesses and setting standards for food collection to better meet community needs.

4. Invest in agriculture technology to combat climate change and to promote the expansion of farming, stabilise domestic food production, increase crop yields, and reduce the reliance on imports:

- Sponsor investment into research and development to protect agricultural land and promote sustainable land use;
- Develop financial schemes, such as subsidies that support farmers' investment into new technologies to facilitate reinvestment into their farms.



Thank you to everyone who helped put this report together, including: Shared Planet, our survey respondents, Bain & Co, Matthew Ward & cover 3D animation artist, Yanis Georges. Most of all thank you to all our donors who choose to redistribute food to support our community partners.
www.cityharvest.org.uk @cityharvestlondon Cover art: Yanis Georges @ethikdesign

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