



Food for Thought: Unlocking the Economic and Social Benefits of Food Redistribution

City Harvest:
Value of Food Redistribution Report

Oct 2023

Rising prices & decreasing profits:

How giving away is the new way to save in the UK food industry

We have all felt the effects of the rising cost of food over the last few years, creating a significant burden on the public as well as the food industry. Brexit, the Covid-19 pandemic, Russia's invasion of Ukraine and consequent inflation have all played a part. The food industry has had to manage increases in energy and operational costs as well as lost output due to labour shortages and supply chain issues. At the same time, supply chain shocks have resulted in the generation of surplus food, the disposal of which creates an additional cost to farmers, manufacturers, and retailers. This occurs at a time when consumers, faced with the cost-of-living crisis, have limited ability to purchase fresh produce and are trading nutritious food for less healthy and cheaper alternatives as a result.¹

However, the food industry, particularly farmers, manufacturers and retailers, can mitigate some of these costs — specifically those associated with the disposal of food waste — by the simple act of redistributing the still edible elements within their waste stream. To understand the views and attitudes of food businesses towards redistribution, City Harvest surveyed its food donors.

The survey revealed little awareness amongst donors of the potential savings they can achieve through food donation, indicating the need to discuss the financial benefits of redistribution.

There is an urgent need for the UK food industry to redistribute more food — not only for the environmental and social benefits, but also as a core part of its overall strategy to generate cost savings in this challenging economic climate. By redistributing, food businesses eliminate costs spent on storage and warehouse spaces, as well as on waste management. When businesses partner with organisations like City Harvest, they save even further by not having to pay for the logistics of disposal, as City Harvest takes care of transport and any required sorting of the produce. City Harvest believes that redistribution can address cost pressures in the food industry, whilst also helping vulnerable populations gain access to food.



88% of donors find redistribution to be effortless with City Harvest



Only 11% of donors see cost savings as a motivator for donation

On average, only 60% of generated surplus food is redistributed.

Redistribution is a process whereby surplus food that might otherwise be wasted is rescued from food businesses and delivered to partner agencies and community programmes to help feed people experiencing food insecurity.²

The Road

Redistribution plays a pivotal role in alleviating the mounting financial burdens

Stop 1: Farming Sector

There has been a substantial increase in the financial pressure on farmers, in particular for their fresh produce production, which is affecting their business viability.




50% decrease in profits due to increased production costs³

Farmers receive 1% or less of profit margins, on average, when selling to retailers.⁴



165% increase in the cost of energy prices for farmers in the past year⁵

Anaerobic Digestion's (AD) Ramifications for Farmers & People Government-funded subsidies for AD have increased by a near four-fold (from £200 million seven years ago to £750 million today). However, AD may become less financially viable as taxes for the AD sector are estimated to increase by 30% in the upcoming year.⁶ These increases only compound the financial pressures experienced by farmers as many of the AD plants are located on farms.⁷

64,500 tonnes of consumable food processed by AD each year  the loss of more than 150 million meals⁸

Stop 2: Manufacturing Sector

Food manufacturers have faced significant cost pressures as they saw their output reduced due to factors such as staff recruitment issues and supply chain bottlenecks from COVID-19 and the war in Ukraine.



£1.4bn Output lost due to labour shortages in the first half of 2023

Labour shortages in food manufacturing remain higher than in wider manufacturing and in the UK.⁹



£3bn Value of goods that cannot be finished or sold¹⁰

Many manufacturers struggle with the availability of materials as the war in Ukraine continues.

"Working with City Harvest provides an amazing opportunity for our surplus products of all sizes and formats to be redistributed to charities across London. The team at City Harvest are always full of energy and solutions to help us find a new home for our surplus, collecting straight from our warehouses, multiple times a week, sometimes even repacking or relabelling into more manageable sizes to help minimise waste further down the redistribution chain. They could not make it easier for us to donate!"
Belazu, Sustainability Coordinator

Did you know...?

£1 invested in food loss and reduction activities = £14 return for a business in the food industry¹¹

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11. Edelman, *2023 Edelman Trust Barometer: Special Report: The Collapse of the Purchase Funnel* (New York: Edelman, 2023), https://www.edelman.com/sites/g/files/aattus191/files/2023-06/Edelman_BrandTrust_Top10.pdf.
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Redistribution is both a cost-saving mechanism and a way to get fresh produce to the most vulnerable families

Burgeoning prices of energy, fertiliser, fuel, and labour are primary factors identified by food donors as leading to surging costs of fresh produce. Escalating production expenses have ripple effects throughout the industry, necessitating higher prices for inputs, transportation, and workers, ultimately resulting in the inflation of food prices. In the face of increasing operational costs, the additional expense, time and resource for managing surplus food are yet another burden on the food industry.

Currently, only 49% of the food donors redistribute over three-quarters of their surplus food, highlighting a substantial potential for more food to be redistributed to those in need. An area of opportunity for businesses to increase savings through redistribution is by adopting efficient, positive release processes. For instance, in 56% of cases, redistribution processes are developed at the national or regional level. By implementing comprehensive, early positive release redistribution policies across all geographic levels, businesses could significantly enhance their capacity to redistribute surplus food and save money.

Anaerobic digestion and landfill disposal emerged as the top areas for cost-savings through food redistribution. As the table below demonstrates, the entire food industry bears the brunt of waste disposal, labour and transportation fees. Food redistribution presents an opportunity for the industry to offset these costs. Partnering with City Harvest, in particular, maximises cost-savings as it provides the service FREE of charge.

Although redistribution substantiates ESG/CSR reporting and fosters consumer trust, it is overlooked by an average 63% of food donors. These benefits cannot be understated, as over 60% of consumers are more likely to purchase and support products associated with a trusted brand that actively contributes to positive societal impact.¹² Highlighting further financial benefits for the industry, in the face of its current labour crisis, two out of five food donors have acknowledged the benefit of redistribution to their workforce's job satisfaction and mental well-being. This is imperative as businesses have to prioritise the retention and well-being of their employees. Ultimately, businesses who engage in redistribution input minimal effort to yield greater financial returns.

Sector	Category of Potential Costs Saved From Redistribution ¹³	Amount of Potential Food Waste Saved ¹⁴	Number of Potential Full Days' Meals Provided to People ¹⁵
Farming	Utility, Labour, Regulatory, Agricultural Machinery, Waste Disposal, Transportation	1.6 million tonnes	882 million meals
Manufacturing	Utility, Labour, Regulatory, Infrastructure, Waste Disposal, Transportation	1.9 million tonnes	1.07 billion meals
Retail	Utility, Labour, Regulatory, Infrastructure, Waste Disposal, Transportation	0.3 million tonnes	162.38 million meals

80%

of donors believe City Harvest adds value to redistribution by providing:

- collection times within 24 hours
- free transportation; and
- labour to sort surplus

to Redistribution

faced by both the food industry and individuals in the United Kingdom.

Stop 3: Retail Sector

Retailers have seen a 41.5% decrease in operating profits in FY 2022/23 through trying to limit passing on these additional costs of production to consumers. Some have introduced price locks in order to safeguard consumers and maintain their market share, at the sacrifice of their revenue.¹⁶



6.6%

decrease of real revenue for the retail sector¹⁷



11.1%

increase in the average price of fresh produce¹⁸

Stop 4: People

The UK population continues to eat less fresh fruit and vegetables than is recommended by the World Health Organisation (WHO). Deprived communities are disproportionately affected.



1 in 5 people in the UK consume an average of 3 portions of fresh produce each day, two portions under the daily requirement.²² Rising food prices contribute to the limited fresh produce consumption, as the most deprived quintile would now have to spend 50% of their disposable income on food to meet the cost of the WHO-recommended healthy diet.²³

Marketing Standards Perpetuate Food Surplus

Cosmetic standards are the primary reason for food surplus generation for City Harvest's donors. Standards imposed on the food industry such as size, shape and physical blemishes cause 4.5 million tonnes of fresh produce to be wasted in the UK every year.¹⁹ As 400g is needed per person to fulfil the daily requirement for five portions of fresh produce for a healthy diet, rerouting even 1,880 tonnes of the surplus produced by cosmetic standards a year will help the 4.7 million food insecure people in the UK receive their five-a-day.^{20 21}

"We don't have the distribution network to divert our unavoidable food waste, so working with charities like City Harvest means that they can go out and reach the people who need it most. We have full confidence that it's going to the right place. Equally, for our team, it's really inspiring for them – they don't want to be binning food in our depots. Seeing charities like City Harvest turn up for collection at the depots every week is really empowering for them too."

Sysco, GB Sustainability Manager

Brexit added £250 to household food bills between December 2019 and March 2023.²⁴

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City Harvest's Social Return on Investment (SROI)

1t = £3,550

For every 1 metric tonne redistributed, City Harvest delivers an estimated £3,550 of positive impact for food recipients and food donors and 2,400 meals to those in need.

"Knowing that, since we started working with City Harvest in 2018, we've donated over 600,000 meals to people that need them, really fills us with joy. Being able to distribute our food quickly, to the people that need it, is extremely valuable for Wholegood. We're a business that really believes in purpose. So, even at the point where we've got produce we can no longer sell, we know it goes to people that need it."

Wholegood, Founder & CGO

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

£3,450

Reduced Food Expenditures for Charities

- Costs to provide meals
- Savings for charities in both fuel and staff labour costs as a result of not having to purchase food themselves

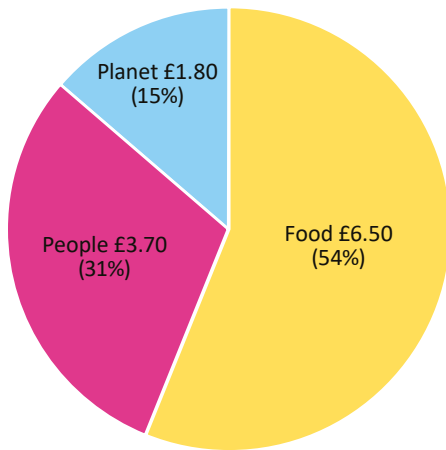
£100

Reduced Waste Disposal Costs by Food Donors

- Reduced cost of transport to disposal where food is collected by CH
- Reduced cost of disposal via landfill, compost and incineration



SROI Overview



*Please note our SROI estimates are unaudited and are based on secondary research and City Harvest data.

City Harvest's Social Return on Investment (SROI)

Social Return on Investment (SROI) is an approach to measure the outcomes of an activity to quantify the 'societal value' it creates in terms of economic, social, and environmental benefits. At City Harvest, we calculate our SROI analysis in alignment with our mission of 'Rescuing food, people, and planet.' The analysis provides a breakdown of the estimated benefit to society (both financial and non-financial) of City Harvest donations in a financial value.

For every £1 invested in City Harvest, £11.90 of value is created each year for society

Since 2018, the estimate of City Harvest's SROI has more than doubled, primarily due to our increased operational scale. We have also made some changes to our methodology of calculating SROI, but these had a net negative impact, as we have been more conservative. We have also included some new factors in the SROI calculation as the composition of our recipient charities has changed (e.g., improved educational outcomes for children receiving food).

When calculating SROI we have considered that City Harvest is part of, and enables, a broader ecosystem of charities. Those factors in the Food and Planet pillars are more directly attributable to City Harvest's operations, and therefore, City Harvest is responsible for a higher proportion of the total social impact generated here. In the People pillar, City Harvest enables improved outcomes but is not exclusively responsible for them, so only a portion of the total social impact generated is attributed to City Harvest and included in City Harvest's SROI.

Key Recommendations

Charities such as City Harvest can become business partners for the food industry and become built into the supply chain to ensure that food surplus does not become food waste.

- **Facilitate a non-exclusive regulatory environment conducive to food redistribution:** Governments can provide guidelines and incentives to encourage businesses to engage in food redistribution through tax subsidies, funds to support the logistics for businesses to redistribute and simplifying liability protection laws. Governments should positively endorse and praise partnerships that reroute surplus food from premature disposal to people and charities in need.
- **Food redistribution partners are sustainable solutions:** Businesses can engage with organisations who specialise in redistribution to understand how to streamline and integrate redistribution into their internal processes. Activities can involve engaging in capacity training and workshops on donation logistics, volunteering activities to actively engage in the societal impact, and food waste reduction guidance.
- **Celebrate the transparency of food waste reporting:** Sustainability leads should encourage and reward their partners for reporting their food waste instead of penalising them when auditing their supply chain for food wastage. The indicators should be beyond numbers and allow stakeholders to communicate their food waste management methods, including redistributing their food to those in need. Organisations who engage in these activities should be viewed as attractive and sustainable business partners.
- **Companies to set ESG targets to enhance their societal impact:** As an activity with a high ESG value, redistribution not only saves businesses money, but helps them promote their social and environmental impact, thereby attracting a positive brand association among consumers and investors.



VIEW COVER ART WITH ARTIVIVE

AI/AR Artwork by Yanis Georges. The report cover artwork, 'The Harmonious Rhythm of Generosity' illustrates the positive ripple effect of City Harvest's services on society. Yanis's mesmerising 3D animation and series of stills represent City Harvest's network, showing the beauty of food redistribution.

Use the Artivive App and hold your phone over the cover of the report to watch and listen as every City Harvest 'green thread' creates a yellow food delivery and an immediate pink ripple effect on 'people'. This beautiful animation cycle represents City Harvest's monthly impact. Yanis's work – like ours – is beautifully relentless. This LED installation and AI stills can be seen, along with photography from our People Report, in a roaming exhibition around London to display the 'Beauty of Food Redistribution'. Find out more: cityharvest.org.uk/art

Thank you to everyone who helped put this report together, including: Shared Planet, Bain & Co, NFU, Promar, The Being Group & Yanis Georges. Most of all thank you to all our donors who choose to redistribute food to support our community partners. cityharvest.org.uk comms@cityharvest.org.uk [Yanis Georges @ethikdesign](https://twitter.com/ethikdesign)