



Deputy Moz Scott, Chair Economic and International Affairs Scrutiny Panel, Scrutiny Office, States Greffe
Morier House, St Helier, Jersey, JE1 1DD

Dear Deputy Scott,

This letter is from HYPHA Consulting Ltd, providing a comprehensive review of the processes employed by SCOOP The Sustainable Cooperative, to assist the Jersey Government in understanding the intricacies of food supply and security dynamics. SCOOP has acquired valuable insights over the past five years, as its mission revolves around the experimentation with enhancing food security in Jersey. HYPHA, a consulting firm based in Jersey, is spearheaded by India Hamilton and Taylor Smythe, both of whom possess expertise in food systems, enterprise design, and regenerative economics.

SCOOP is a community-owned food cooperative with a dedicated focus on zero waste and agro-ecological products. It maintains an international supply chain while also sourcing from over 105 local producers. The shop has a weekly footfall of 450 visitors. SCOOP achieves financial stability through its membership scheme, allowing it to allocate between 75p and 82p for every £ to farmers and suppliers. You can find SCOOP's three-year report [here](#), which intricately details its business model, emergent benefits, and business

opportunities. SCOOP has experienced an almost 100% consistency in supply on the shop floor, and its prices remain relatively stable. Notably, it offers some of the most budget-friendly food options in the island.

This review will answer the three parts that have been defined by this Scrutiny Panel.

Competition and diversification in the supply chain:

The food system operates as an intricate network of numerous interconnected businesses, each contributing to its complexity. While competition is integral for ensuring operational efficiency, grasping the overarching dynamics of this system holds paramount importance. Examining the wider repercussions of heightened competition through the introduction of a new supermarket chain reveals potential benefits such as temporary cost-effective products. However, it also raises concerns about the loss of numerous jobs and independent businesses. While competition remains a beneficial factor, its strategic application is crucial for the resilience of small, independent social businesses like the one in question.

In this context, SCOOP undertook the task of reimagining the role of competition within the food system. They sought ways to establish a competitive advantage despite budget constraints for marketing and inherent inefficiencies within a diverse supply chain. SCOOP's approach involved a comprehensive evaluation of all stakeholders within the food system, investigating the roles of competition, collaboration, and cooperation. Embracing a fresh approach to enterprise design enabled SCOOP to shape market conditions, ensuring a consistent, affordable, health-conscious, and ecologically sustainable supply chain for the local community.

Competition in the community: In Jersey, the engagement of the “community owned” or “social impact business models” in market competition is neither straightforward nor a common practice. The existing legislative framework and understanding in the business ecosystem offers limited support for community / social -led commercial enterprises. Consequently, Jersey lacks a certain level of competitive environment in both business and philanthropic realms. Contrasting this, the United Kingdom has witnessed the ascendancy of community-owned food systems, which have played a pivotal role in enhancing supply chains and fostering economic as well as social advantages.

Local dynamics affecting competition: Mainstream businesses in Jersey encounter reduced competition owing to the distinctive local environment, where intricate factors such as the extensive road network and dispersed customer base complicate alternative supply channels such as home delivery and farmers markets. In the United Kingdom, supermarkets cater to nearly 100% of packaged processed foods yet only around 60% of fresh produce, yet this is often

simplified to 85% of all food. This average can sometimes lead to a misleading perception of the UK market. A proper assessment of the market potential for alternative supply chains is needed to form a true understanding of how they can participate in food security in Jersey.

Embedding diversity into your business model: Diversification isn't just about multiple businesses, it is understanding how to embed it into your enterprise design. To SCOOP diversity is about seed variety, farming practice and supplier networks. SCOOP holds many different varieties of flour, grains, pastas etc. This seed variety brings in a level of consistency as it sits outside the commodity market. Although the turnover is relatively small, we push to receive hundreds of invoices per month. This creates as many connections to suppliers as possible and plays a part in our resilience. Enterprise design is a commonly overlooked option for change in this sort of debate, but it is critical.

Recommendations: Invest in social impact policy, do an analysis on any policy that prevents the growth and resilience of local independent food businesses. Encourage education round enterprise design. Encourage new food businesses and education round understanding embedded and diverse supply networks.

Warehousing and stockpiling:

Over the last three years, SCOOP has not experienced empty shelves and the cost of the food is pretty stable, often selling some of the cheapest food on the island. Although it is a relative surprise to the business, on reflection it is clear that the built in infrastructure and design has been critical to its' consistency. We like to add the concepts of flow and processing as means of improving stocks on Island.

Each product line is unique: All food products function differently as they flow across the supply network, SCOOP creates a dynamic supply time line with each product line, to balance both price and consistency. Each supply line requires a specific sort of storage and a specific processing skill. Holding un portioned products is cheaper and has a longer life expectancy than purchasing portions, for example.

Processing is stockpiling: SCOOP wouldn't function as well if it didn't have a production kitchen, this production kitchen is key to processing surplus from the farm as well as food that has passed the merchandisable standard. This production kitchen allows for added value and a zero waste business. Extending the life of the product once it had arrived fresh on the island is a form

of stockpiling. This process has many co benefits, from improving income of business but especially if the end product has considered health and social outcomes.

Understanding VUCA: SCOOP is aware that the boat isn't consistent, so working within those limitations has created a more dynamic ordering strategy. It is important to SCOOP that the business model is adaptable to the risks associated with today's market, environmental and social conditions.

Recommendations: Create robust circular economy policy round environmental health, the circular economy is meant to design out waste from the system, here is a [link](#) to the SCOOPLOOP circular economy policy for a deeper explanation. Support shared kitchens, and processing facilities. Allow for processing facilities on farms, small-holdings.

Onshoring of the Island's supply chain:

When considering the process of bringing supply networks back to our shores, it's important to approach this from an economic perspective. We need to decide whether we aim for a system that resembles a globalised economy, incorporating competition and economies of scale within our community, or if our goal is to enhance the social capacities of our local island. Our research indicates that introducing global market forces into a community while isolating it on our island tends to drive an economic race to the bottom. This results in challenges for farmers who struggle to meet the required prices. As time progresses, the community faces negative consequences such as economic decline, closure of farms and local shops, concentration of businesses, uneven development, and in some instances, breakdown of the community itself. Additionally, decisions about the food system's stability are controlled by external decision-makers, adding to its volatility.

The ongoing problem is that the market fails to generate affordable food, and these issues become progressively intricate. SCOOP's favoured strategy concerning the economics of food systems revolves around "localization." This concept involves establishing both global and local relationships within the supply chain, focusing on fostering social and environmental capacities through transactions. It recognizes that our existence is tied to specific geographical regions with unique circumstances that demand location-specific comprehension. Embracing localization is essential for ensuring the long-term resilience of the food system. It's crucial to recognise that every nation worldwide is merely one crisis away from experiencing disruptions in their supply chains.

Counter Intuitive strategies: SCOOPS supply network is designed round the smallest most biodiverse supply as a means to reimagine the economics of the local food system. .

Understand the system: SCOOP understands that local supply chains are incredibly complicated, as every local community has their own set of lock-ins that take time to overcome.

SCOOP has built a strategy on understanding the systemic and structural realities of Jersey.

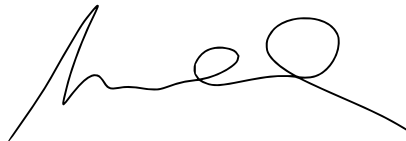
Recommendations: Building your supplier chain around the smallest supplier because it offers a level of security and resilience. Look across the bioregion which extends all the way up to North Poland but excludes the UK. Explore sail trade and empty trade resources.

SCOOP has encountered various policy challenges that are impeding its growth and development. This suggests that the prevailing policies and business framework prioritise elevated productivity and profitability over comprehensive food security measures. Although this has been a very successful strategy, food system resilience is an increasingly complex question, and we must look at it using system perspectives and be prepared to reimagine how business models are designed.

For further information please contact admin@hypha.je

With much respect

India Hamilton and Taylor Smythe
Hypha Consultancy Ltd.

A handwritten signature in black ink, appearing to be 'India Hamilton'.