



Department
for Environment,
Food & Rural Affairs

Agricultural Supply Chain Adjudicator (ASCA) First annual report

1 July 2024 to 30 June 2025

December 2025

We are responsible for improving and protecting the environment. We aim to grow a green economy and sustain thriving rural communities. We also support our world-leading food, farming and fishing industries.

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Foreword

I am delighted to be able to introduce the first annual report of the Agricultural Supply Chain Adjudicator (ASCA). This report marks a significant milestone in our journey, covering the first full year (1 July 2024 to 30 June 2025) of operation for the ASCA Office, established to enforce The Fair Dealing Obligations (Milk) Regulations 2024 (FDOM).

I am very conscious that at the time of preparing and publishing this report in late 2025, the UK milk sector is undergoing significant pressure from global supplies of milk and commodity markets, leading to sudden and sharp downward pressure on milk prices paid at the farm gate.

The FDOM Regulations do not, of course, regulate prices – global and local factors affecting supply and demand will continue to be the key drivers impacting changes to the milk price dairy farmers receive. But FDOM does introduce important new obligations on milk purchasers to ensure transparency and fairness in how price changes are implemented in accordance with contractual obligations.

In particular, FDOM gives farmers the right to seek a written explanation of how the milk price was determined under the contract if it is not clear why a milk price has changed, and by how much. A milk purchaser is required by FDOM to provide such written explanation within 7 days. If they fail to do so, a farmer can bring a complaint to my office for investigation.

Current commentary suggests the coming months will continue to present a challenge for the industry – in how it reacts to shifting commodity markets, how all parties in the supply chain respond and treat each other fairly, and how contractual changes or adjustments are communicated and implemented.

I will continue to listen to those impacted by the changes and ensure that the additional protections implemented by FDOM are adhered to by industry. If anyone believes they have not been, they can contact my office directly on asca@defra.gov.uk, or via our in-confidence channel asca-in-confidence@defra.gov.uk, for us to investigate.

The FDOM regulations were introduced to promote fairness and transparency in agricultural supply chains, beginning in the milk sector. From August 2025, regulations were introduced in the pigs sector, with plans for similar regulations in other sectors to follow.

The ASCA, acting on behalf of the Secretary of State for the Department for Environment, Food and Rural Affairs (Defra), carries out enforcement functions under the regulations. The ASCA will investigate relevant complaints about milk or pig purchase contracts raised by producers. Where the ASCA finds that a purchaser has failed to comply with a requirement under the regulations, the ASCA may require the purchaser to pay a civil penalty, compensation or both.

Our first year has been all about new beginnings. Establishing a new office and a new team rooted in our core principles – being impartial, trusted, evidence-based and user-focused. Raising awareness of a new set of obligations in the milk sector and ensuring both producers and purchasers are ready to adapt to the new requirements they bring. Building effective working relationships across industry partners and wider stakeholders so that issues can be raised (and hopefully resolved) as quickly as possible.

From the outset, we have set out to challenge ourselves on how best to help promote fairness and transparency in agricultural supply chains, embracing innovation and new ideas, and delivering value to those we serve. This review captures the story of our beginnings: the strong foundations we have laid, the partnerships we have forged, and the goals we have pursued.

Reflecting on our first year, I am immensely grateful to colleagues for the energy, resilience, and dedication that have defined our ASCA team and shaped our early progress.

I would also like to thank you for the warm welcome I have received from producers, purchasers and many others across the industry. As someone new to the agricultural sector, I am immensely grateful for the time, patience and expertise so many have shared to help ensure the ASCA is well placed to drive transparency and fairness in supply chain relationships.



Richard Thompson

Agricultural Supply Chain Adjudicator

December 2025

Executive summary

This annual review captures the Agricultural Supply Chain Adjudicator's (ASCA) progress in its first year of operation, advancing fairness and transparency across UK agricultural supply chains. The initial focus has been on the milk sector, with developments in the pig sector (that came into force in August 2025) to be detailed in future reports.

Over the past 12 months, the ASCA team has engaged extensively with stakeholders across the UK – including producers, processors, retailers and trade bodies – to build visibility, trust and collaboration.

The first year of operation mirrored the transitional period in the new regulations, meaning formal powers only applied to the vast majority of existing agreements from July 2025. Although no formal complaints were received during the transitional period covered by this report, the ASCA provided informal advice and support to a wide range of producers and processors as the deadline for compliance neared. This included via a newly established 'in-confidence' channel to ensure producers could raise issues without fear of identification or reprisal.

This feedback has been used to inform the ASCA's future work and specific and anonymised feedback has been shared with industry as appropriate. This report reflects progress, shares insights from stakeholders, and outlines forward plans as the ASCA prepares to expand its remit into other sectors.

Background

The UK government remains committed to building a more sustainable and resilient food system – one that promotes fairness, regulatory certainty, and sectoral growth. As part of this commitment, the government supports the work of the Groceries Code Adjudicator (GCA), who oversees the relationship between the country's largest grocery retailers and their direct suppliers, by enforcing the Groceries Supply Code of Practice (GSCOP).

However, most agricultural producers do not supply retailers directly, and so a 2016 Call for Evidence explored the possibility of expanding the GCA across the supply chain. The review found there was insufficient evidence of widespread market failures to support doing so, instead suggesting a need for targeted and proportionate regulations to protect primary producers. The Agriculture Act 2020 therefore introduced the Section 29, 'Fair Dealing', powers, which authorise the Secretary of State to regulate contractual practices between agricultural producers and purchasers.

The government has pursued a sector-by-sector approach to using these powers, leading to regulations that address specific issues. The Fair Dealings Obligations (Milk) Regulations 2024 (FDOM), applying to the UK dairy sector, were the first use of the powers.

FDOM represents a key step in Defra's broader programme to improve supply chain fairness across the farming sector. The intent of the regulations is to address entrenched power imbalances in the dairy supply chain, where individual producers often operate at a disadvantage to highly consolidated buyers. By requiring written contracts with clearly defined terms – covering pricing mechanisms, volume, duration, and dispute resolution – FDOM seeks to enhance transparency, curb unfair trading practices, and foster more sustainable commercial relationships.

The regulations are enforced by the ASCA, who provides oversight and a route for complaints.

The pigs regulations came into force on 13 August 2025, also with a 12-month transition period.

FDOM set a regulatory precedent for the dairy sector and reflects Defra's sector-by-sector approach to strengthening producer protections and embedding fairness into agricultural supply chains.

The milk sector

The milk sector is the UK's largest farming sector accounting for 19% of total 2020 UK agricultural output.ⁱ In 2023 the UK was the world's 11th largest milk producer, and was third largest in Europe behind Germany and Franceⁱⁱ. UK milk production is worth around

£5bn to £6bn at farm level and many more times that once processed for consumption as liquid milk or into a range of dairy commodities (15bn litres at 30 to 45pence per litre).

There are approx. 9,500 dairy farmers employing in the region of 50,000 people on-farm and in supporting industries – tens of thousands more are employed in processing and distributionⁱⁱⁱ.

The role of the ASCA

The ASCA investigates complaints from producers regarding contracts that are not compliant with the FDOM. Where breaches are found, the ASCA may impose civil penalties – up to 1% of the purchaser's turnover – and require compensation. These penalties are recoverable as debts and paid into the government's consolidated fund.

The FDOM regulations will be reviewed within 5 years of their introduction and at least every 5 years thereafter, ensuring ongoing industry engagement and compliance.

However, the ASCA's role extends beyond handling formal complaints. The ASCA also focusses on improving fairness and transparency in supply chains by encouraging best practice and supporting early resolution of issues. Through regular engagement with producers, purchasers, and other industry stakeholders, it aims to build trust, raise awareness of contractual obligations, and promote responsible contractual behaviours.

By acting as a credible and impartial voice the ASCA seeks to address concerns before they escalate – helping to prevent disputes and foster a stronger, more efficient and more collaborative supply chain. While enforcement powers remain an important tool to address issues of non-compliance, the priority is to work constructively with the sector to drive positive change and deliver long-term improvements.

Interaction with the Groceries Code Adjudicator (GCA)

The Groceries Code Adjudicator (GCA) is an independent UK regulator responsible for overseeing the relationship between the country's largest grocery retailers and their direct suppliers. It works with the Department for Business and Trade.

The GCA:

- enforces the Groceries Supply Code of Practice, which ensures fair treatment of suppliers by major supermarkets
- investigates complaints and can launch formal investigations into breaches of the Code (such as delayed payments or unfair de-listing)
- arbitrates disputes between retailers and suppliers
- publishes guidance and best practices to help retailers comply with the Code
- monitors compliance through surveys and engagement with stakeholders

While the ASCA and the GCA both work to promote fairness in the food supply chain, their roles are distinct. The GCA oversees relationships between large retailers and their direct suppliers under the Groceries Supply Code of Practice, focusing on the retail end of the chain. Whereas the ASCA is responsible for ensuring fair dealing between producers and purchasers in the agricultural sector, beginning with the milk and pig sectors.

However, the ASCA works closely with the GCA to share insights, align approaches where appropriate, and promote greater transparency across the entire supply chain. The ASCA and GCA along with officials in both offices meet regularly to discuss developments in their areas and, where appropriate, to share information and insights. The ASCA also spoke at the GCA Annual Conference in October 2024 to introduce the new fair dealing regulations and the work of the ASCA office.

Strategic objectives

The work of the ASCA is underpinned by 6 strategic objectives:

1. **Promote fairness in supply chain relationships**
Ensure that contractual relationships between producers and purchasers are fair, lawful, and transparent.
2. **Enforce compliance with Fair Dealing Regulations**
Monitor and enforce the Fair Dealing Obligations Regulations using proportionate and evidence-based enforcement tools.
3. **Support behavioural change across the sector**
Encourage best practice and cultural change among purchasers through guidance, engagement, and the promotion of responsible trading behaviours.
4. **Provide a trusted and accessible complaints process**
Offer a confidential, impartial, and user-focused mechanism for producers to raise concerns and seek redress where unfair practices are suspected.
5. **Build confidence through transparency and accountability**
Report on activities, publish findings, and engage with stakeholders to maintain trust in the ASCA's role and effectiveness.
6. **Inform future policy development**
Use insights from casework and stakeholder engagement to support Defra in developing fair dealing regulations for other agricultural sectors.

In order to meet these strategic objectives, the ASCA also has a core set of values which support its mission to uphold fairness, transparency, and accountability across the relevant agricultural supply chains – currently focused on the milk and pig sectors.

- **Impartial:** Act independently and without bias, ensuring all parties are treated fairly and in accordance with the regulations.
- **Trusted:** Build confidence through consistent, transparent decision-making and by maintaining high standards of integrity.
- **User-focused:** Engage constructively with producers and processors alike, ensuring our services are accessible.
- **Evidence-based:** Ensure our decisions are evidence-based and align with the relevant regulations.

Alongside its strategic goals, the ASCA office is guided by operational objectives that ensure its service is both effective and accessible. The ASCA is committed to promoting its service widely across the supply chain, making it easy for producers and stakeholders to engage. The office aims to deliver a high-quality, empathetic, and timely service, particularly in managing and resolving complaints.

It is through these strategic and operational objectives and values that the ASCA has carried out its core work over the last 12 months.

1. Promote fairness in supply chain relationships

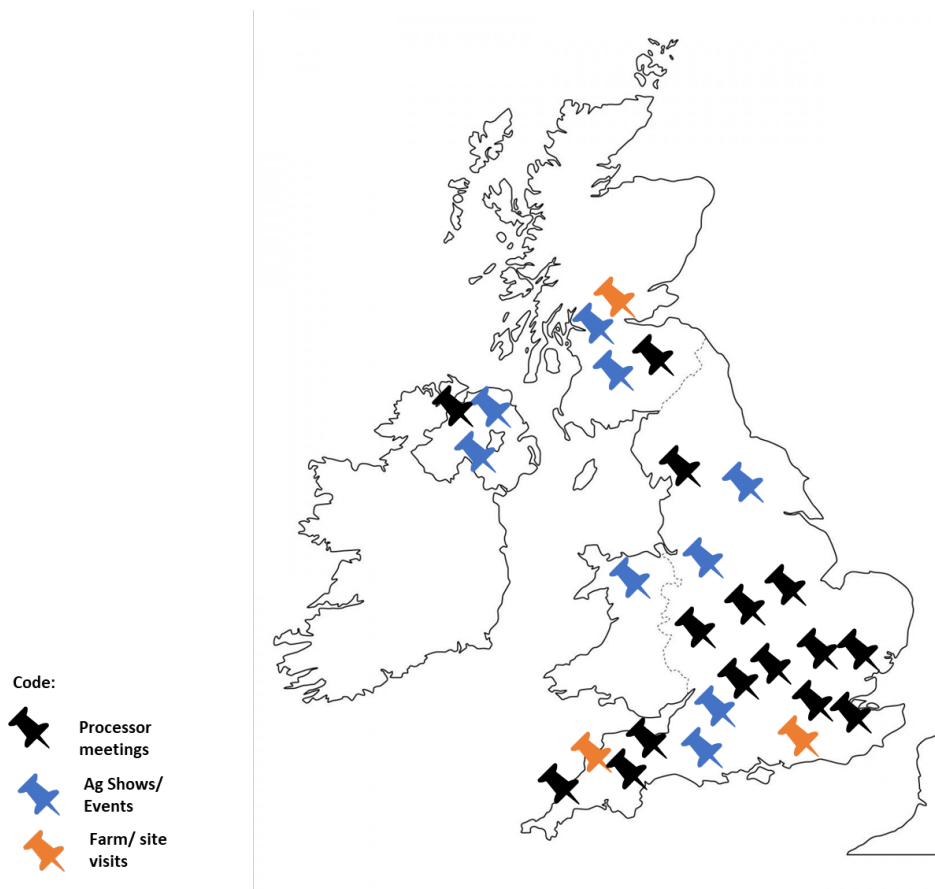
In order to increase awareness and readiness across the milk sector, the ASCA has participated in over 60 meetings, events and visits across all four nations; encouraging dialogue and building trusted relationships.

Informal advice has also been offered to producers and processors who have contacted the ASCA with questions and concerns ahead of the regulations coming into force. These activities reflect the ASCA's commitment to enforcing fair dealing regulations and supporting changes across the sector.

During the reporting period, the following activities have been undertaken:

- stakeholder engagements across the UK:
 - over 30 individual meetings with stakeholders, including producers, processors, trade bodies and unions
 - 36 visits to different events including agricultural shows, farm visits, seminars and conferences
 - 1 roundtable
 - 3 webinars, seminars or Q&A panels
- formal complaints received: 0
- in-confidence issues received: 9
- surveys conducted: 1

Map of engagement activities across the UK



The map shows locations where the ASCA engaged with stakeholders during its first year of operation, including 19 activities in England, 4 in Scotland, 1 in Wales, and 3 in Northern Ireland.

Survey of the milk sector

The ASCA conducted a survey in March 2025 to assess stakeholder awareness, understanding, and perceptions of FDOM. The survey also explored barriers to making complaints and gathered qualitative feedback from producers.

The survey was shared with a range of stakeholders across the supply chain. There were over 80 responses, with producers making up 62% of respondents. As engagement continues, and awareness of the ASCA grows, we anticipate the number of respondents increasing in future surveys.

Awareness and understanding

Overall awareness of the ASCA was relatively high, with:

- 78% of respondents aware of the ASCA before receiving the survey
- 42% having met the Adjudicator

- 62% agreed that the regulations would improve fairness
- 81% believed they would improve transparency in contractual dealings

Among producers specifically, awareness and engagement were lower:

- 63% were aware of the ASCA before receiving the survey
- 31% had met the Adjudicator
- 53% believed the regulations would improve fairness
- 71% believed they would improve transparency in contractual dealings

Barriers to raising complaints

The survey highlighted several barriers that prevented producers from making complaints:

- 65% lacked confidence in whether their complaint was relevant (meaning one that could be dealt with under the new regulations)
- 78% feared reputational damage
- 84% feared recrimination or loss of future contracts

Additional concerns included fear of complaining about milk prices, fear of contract termination, insufficient processor payments, dependence on existing contractual relationships and lack of anonymity in the complaint process.

Survey conclusions

The survey highlighted a growing awareness of the ASCA and the regulations, but also significant gaps in understanding and confidence, particularly among producers. Fear of reprisal and structural limitations are major barriers to engagement.

To address this, the ASCA office launched a confidential mailbox (asca-in-confidence@defra.gov.uk) to allow stakeholders to raise concerns discreetly.

While the ASCA requires a formal complaint in order to open a formal investigation, this channel provides a valuable way for the Adjudicator to understand the issues producers face, identify emerging trends, and to help shape future activity. Where it is possible to do so without risking revealing the source, the ASCA will also share feedback with industry and specific processors about the issues which are causing concern for their suppliers.

2. Enforce compliance with Fair Dealing Regulations

No formal complaints were received during the reporting period. This is largely due to the transitional period in FDOM, during which the new rules only applied to brand new contracts. Existing contracts were subject to the new obligations from July 2025. As such, the ASCA's focus during this first year has been on building proactive engagement and supporting stakeholders in preparing for full compliance.

3. Support behavioural change across the sector

The ASCA views a core element of its role as a trusted voice across the sectors in which it operates. The ASCA's unique role and position allows it to 'hold up a mirror' to the sector so that parties are aware of the implications of current behaviours and practices and issues can be foreseen and avoided.

The ASCA plans to hold regular 'roundtables' with key members of the sectors it enforces. Alongside regular meetings with industry throughout the year, roundtables are intended to be a safe space for the ASCA to play back what it is hearing and seeing across the sector. It is also an opportunity for the sector to provide feedback on how the ASCA operates. The milk roundtable, held in May 2025, was the first of these events.

Milk roundtable insights

The milk roundtable brought together key stakeholders to discuss progress towards regulatory compliance and foster a culture of openness. A key outcome was a commitment from the group to develop a sector-led 'Principles of Conduct' to improve producer-purchaser relationships and reduce existing fears around raising concerns or complaints. Ideas included having dedicated 'independent' contacts in each organisation to deal with complaints, including a summary of key contractual terms in relevant documentation, and how to incorporate evolving issues into future contracts covering areas such as sustainability, health and welfare.

The ASCA's reflections from its first year operating in the milk sector covered:

- fears expressed by producers about raising issues with the ASCA in case of negative consequences or reprisals from purchasers
- lack of awareness of the regulations, and misunderstanding of what the regulations and the ASCA can and cannot do
- conduct around the end of the regulatory transition period and the lack of time or notice given to producers by some processors
- observations on the use of contractual side agreements and their relationship with core milk purchase contracts

Other discussion points included:

- how to ensure processors understand their obligations
- challenges in engaging with hard-to-reach stakeholders
- showcasing best practices and developing case studies
- the need for more face-to-face engagement where possible

There was collective recognition that the new regulations in the milk sector were being viewed as a test case by other sectors and were therefore an opportunity to showcase success in building trust and transparency.

4. Build confidence through transparency and accountability

The ASCA has placed a strong emphasis on proactive engagement to build trust, raise awareness, and support change across the milk sector. Through meetings with producers and purchasers, participation in key industry events, and the launch of the “ASCA in Confidence” mailbox the ASCA has aimed to establish a trusted and visible presence. The first milk roundtable, held in May 2025, marked a significant milestone in fostering open dialogue and collaboration. Regular engagement with the Groceries Code Adjudicator has further strengthened the ASCA’s approach to promoting fairness and transparency.

Feedback from these engagements has been invaluable in shaping the ASCA’s understanding of sector dynamics and regulatory challenges as well as helping to build trust within the sectors.

5. Provide a trusted and accessible complaints process

The ASCA has established a transparent, proportionate, and accessible complaints process that supports both formal complaints and informal contacts/queries through an ‘in-confidence’ channel. The ASCA seeks to use plain language across all communications and producers/processors are not required to have legal representation to use the service – although they may appoint someone to represent them if they wish.

While no formal complaints were received during the reporting period, producers have raised a number of concerns with the ASCA through informal channels, including:

- fear of contract termination or reputational damage
- the impact of limited supply options in certain regions
- fears over lack of anonymity in the complaint process
- uncertainty about what constitutes a valid complaint
- lack of time to review new contracts or variations
- concerns over tiered pricing
- the impact of the amendment to the regulations in respect of cooperative groups
- lack of clarity on milk collection dates, payment terms and the 21-day cooling-off period

These insights will inform the ASCA’s approach to complaint handling and future guidance or engagement with the industry. For example, as a result of concerns raised about the interaction between termination clauses in existing contracts and requirements when the new regulations come into force, the ASCA was able to issue a guidance note to clarify how stakeholders should proceed.

In some circumstances, the ASCA has also been able to hold informal and in-confidence discussions with parties to resolve issues early and avoid the need for a formal complaint being raised.

6. Inform future policy development

Over the past year, the ASCA's work has gained valuable insights that are helping inform the development of Defra's future policy. Through continuous engagement with producers, processors, and industry bodies, the ASCA has identified challenges and emerging trends – many of which have been shared directly with Defra policy teams to support evidence-based policy making. In order to ensure the ASCA's formal enforcement powers and policy development remain distinct, the ASCA has ensured appropriate 'paper walls' exist between its team and colleagues in policy teams. While this ensures operational separation and independence in the ASCA's decision making, regular two-way communication ensures that operational insights are routinely fed into policy teams. For example, the ASCA provided practical and operational feedback during the development of the recently introduced Fair Dealing Obligations (Pigs) Regulations 2025 (FDOP), helping to ensure they were both clear and effective in principle and workable in practice.

Looking ahead

During the next reporting period (1 July 2025 to 30 June 2026), the ASCA will continue to strengthen its position as a trusted and independent voice across the agricultural supply chain. A key milestone will be the expansion of its remit to include the pig sector under FDOP, which came into force in August 2025.

Building on the strong foundations laid in the milk sector, the focus will remain on deepening relationships, encouraging dialogue and seeking to resolve issues quickly when they emerge.

As well as resolving any formal complaints and responding to questions and issues raised through the 'in-confidence' channel, key activities in the following year will include:

- expansion to include the pig sector (FDOP, effective August 2025)
- replicating engagement activities from the milk sector
- continuing proactive engagement with both sectors through events and bilateral meetings
- conducting a follow-up survey to assess awareness and perceptions of FDOP and FDOP2
- supporting the development of a sector-led Code of Principles in the milk sector
- hosting the second milk roundtable and the first pigs roundtable as well as reviewing the overall effectiveness of this approach

Fair Dealing Obligations (Pigs) Regulations 2025

From 13 August 2025 the pigs regulations came into effect, applying to all new pig purchase contracts, with a 12-month transition period for existing agreements.

The ASCA team have already begun targeted engagement with the UK pig sector which will increase over the coming months. The industry is of substantial economic and strategic value. The UK pig industry is worth £1.6 billion at farm-gate, £5 billion at retail, and contributes over £14 billion when including food service, external sales, and exports^{iv}.

In 2024, the total number of pigs in the UK remained relatively stable at 4.7 million animals. Breeding pig numbers fell by 1.7% to 421 thousand animals, while fattening pigs rose by 0.9%^v.

However, the sector continues to face significant supply chain pressures. These include labour shortages in processing facilities, leading to backlogs of pigs on farms, and rising input costs – particularly feed and energy – which have squeezed producer margins.

The consequences of these pressures and the imbalances between pig producers and processors came to a head in 2021 to 2022. Interrelated factors, including a lack of skilled butchers in processing plants and declining export demand, led to an oversupply of pigs in the market and pressures on processing capacity. When processors were unable to fulfil their agreements to purchase, many farmers felt they were left with little recourse as they only had informal supply agreements.

Defra therefore launched a consultation with the sector in 2022, exploring the need for regulatory intervention. The Summary of Responses, published in 2023, confirmed the requirement for regulations, highlighting specific issues including the need for certainty on the volumes of supply and the consequences of failing to meet them. FDOP have since been developed through extensive industry engagement, ensuring they take the particular needs of the pig sector into account.

The ASCA will support this important sector by striving to ensure transparency and fairness in the supply chain.

Conclusions

A year into the milk regulations, awareness and trust are growing, but understanding of the ASCA's role and the regulations could be further improved. The survey will be repeated to measure ongoing awareness and understanding of both the regulations and the ASCA's role.

The 'in-confidence' channel launched by the ASCA has highlighted some of the key concerns and areas to focus on in the coming year.

For some producers, the fear of reprisal is still a major barrier to making a complaint, and both the ASCA and the industry need to do more to help build trust across the sector and to ensure that producers feel confident in raising issues and concerns.

With the milk regulations now applying to all existing as well as new contracts, it is anticipated that there will be a much higher likelihood of issues and formal complaints being raised with the ASCA during the coming year. The ASCA will formally report on any complaint numbers and trends in next year's review but will also consider opportunities to share insight and feedback from the issues raised in new and innovative ways.

The ASCA will also apply learning from our first year of operation as we embed an expanded jurisdiction covering the pigs sector and continue to build trust and confidence in ensuring fair and transparent supply chains.

References

- i [Defra Farming Evidence 2024](#)
- ii [Our World in Data](#)
- iii [GB producer numbers – AHDB](#)
- iv [FAQs – National Pig Association](#)
- v [Livestock populations in the United Kingdom at 1 June 2024 – GOV.UK](#)