

# Briefing: Food Hub Fund for England

**May 2023**

**Recommendation:** To pilot a £5 million Food Hub Fund to support the establishment of 15 new food hubs across England to deliver environmental and social outcomes.

## Summary

The UK's agri-food system is under financial and environmental pressures. Farmers are struggling to remain viable through the supermarket chain and climate change is impacting the global food chain. Consumers want access to healthy and sustainable food.

Food hubs are enterprises that purchase food from local farmers and then sort, package, sell, and distribute to local retailers, hospitality, or public services.

This creates a connection between producer and consumer, and delivers environmental, social, and economic benefits<sup>1</sup> at a local and regional level.

A pilot Food Hub Fund could aim to establish between 15 new hubs across England to support decent jobs, fairer supply chains, healthy food, and improve environmental outcomes from the sector.

## Discussion

It costs about £150,000 to start a food hub in a warehouse space of 250 square metres. This includes market research, building supplier relations, initial salary/wage payments, fitting the space with equipment and infrastructure (e.g. packing station and cold store), and costs for a forklift and commercial van. This size can service enough food for about 10,000 households.

However, a fund that can support different sized food hubs depending on local needs and capacity, would be most beneficial.

We point to the example in Wales where funding has gone towards supporting 5 new food hubs across the nation.<sup>2</sup>

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<sup>1</sup> Sustain, 2021, The Case for Local Food: <https://www.sustainweb.org/reports/the-case-for-local-food/>

<sup>2</sup> Sustain, 2022: [www.sustainweb.org/news/mar22-five-new-wales-food-hubs/](http://www.sustainweb.org/news/mar22-five-new-wales-food-hubs/)

### The economic and social case:

- Research from Unpicking Food Prices<sup>3</sup> shows that farmers often receive less than 1% of the profit made on food in the supermarket. This includes horticultural, livestock, and arable products. This perpetuation of low farm income stops these businesses from being able to invest in sustainability, resilience, and decent jobs.
- SME food businesses tend to employ someone for every £42,000 of turnover compared to £124,000 in a supermarket. Therefore, enterprises like food hubs create more employment that is usually based on better pay and benefits. Being a local business supplying and selling to other local businesses, money is circulated through the local economy.
- An analysis of Growing Communities who supply from the Better Food Shed (BFS) food hub in East London, found that this supply chain was delivering £6 million<sup>4</sup> in extra economic, social, and environmental value. The BFS purchases sustainably produced food from farmers who are local to the Greater London area. For example, growers in Kent, Essex, and East Sussex.

### The environmental case:

- The food hub model reduces food waste due to the acceptance of less-than-perfect shaped produce and the use of pre-ordering systems to reduce overproduction.
- The shorter and more local or regional approach also cuts down on air-freighted foods and longer food miles. This has a positive impact on reducing carbon emissions.
- Research shows that shorter supply chains stimulate the use of nature-friendly farming. This is achieved through the transparency of these systems, as well as the connection between producer and consumer. They are linked with delivering climate and nature benefits.

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Sustain is a powerful alliance over 110 organisations and community groups who champion a better future for food and farming. [www.sustainweb.org](http://www.sustainweb.org)

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<sup>3</sup> Sustain, 2022, Unpicking Food Prices: <https://www.sustainweb.org/reports/dec22-unpicking-food-prices/>

<sup>4</sup> NEF, Farmer-Focused Routes to Market: <https://www.nefconsulting.com/wp-content/uploads/2021/04/Farmer-focused-routes-to-markets-an-evaluation-of-growing-communities-April-2021.pdf>