

Local food isn't just a nice-to-have. It's an essential ingredient of UK economic resilience.

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Food prices in the UK are rocketing, showing just how exposed our food economy is to global shocks – from geopolitical disruption to climate shocks. Unless we improve our resilience, food prices will just keep rising. Expanding local food systems is an important way to build that resilience.

Policymakers cannot fully control international events, but they can control how resilient we are. Local food systems offer a desirable and scalable way to improve resilience, stabilise inflationary pressure and retain more wealth in local communities. Doing so will benefit consumers, support British farmers and growers, and boost local economies. That is why the Government's forthcoming Food Strategy must prioritise local and regional food.

We define local and regional food as food that is produced, processed, sold and eaten within a particular region, and sold through transparent, SME-focused supply chains.

1. Local food can reduce inflationary pressure

Food prices will rise in the coming years and decades. Rises of 9% annually are expected by the end of 2026¹ and long-term increases caused by climate change and geopolitical instability are also forecast (e.g. 34% by 2050 caused by climate change alone²).

Overreliance on industrial and imported food makes the UK vulnerable to inflation and disruption. The current UK food system is characterised by severe market consolidation, reliance on imports of both food and inputs, and long, complex supply chains, which are vulnerable to shocks such as climate shocks, geopolitical shocks and cyber-attacks³.

While not immune, local food systems can be more resilient to imported inflation:

- **Producers supplying local markets are less likely to be reliant on synthetic inputs**, such as fertiliser or pesticides, which are rapidly rising in cost. While local does not inherently mean organic or nature-friendly farming, in practice there is often significant overlap⁴.
- **Being domestic in production, they are less exposed to exchange rate swings** which are a key factor in food price inflation.
- **Short food supply chains are often more diversified than those operating in conventional supply chains**, which help them manage risk and adapt. A study of 226 Italian farms showed that 75% using short food supply chains grew at least three crop types, compared to 28% nationwide, helping them reduce dependence on single products and spread risk⁵.
- **Local food producers often have direct-to-customer relationships**, providing alternative routes-to-market and increasing flexibility during disruption. UK evidence shows that farmers with more diversified business models including direct selling were better able to adapt and buffer shocks during the COVID years⁶.

Local food prices and availability can be more stable in shocks. On pricing, Canadian evidence shows that farmers markets experienced lower price increases than national grocery stores from 2018-2023, as well as less frequent rises⁷. On availability, demand for local food surged 111% in the UK during the COVID period, as supply remained stable while supermarket supply faltered⁸.

Scaling local food will lower costs and improve resilience. Local food systems can help limit the impact of shocks, but they need scaling. This is not purely about the domestication of supply but sourcing a greater proportion of our food through shorter, simpler, more diverse supply chains that prioritise organic and nature-friendly production, powered by renewable energy.

Price convergence between local and industrial food is possible in the years ahead. Local food systems have suffered from many years of underinvestment. Support to scale local food to deliver 10-30% of UK supply (up from an estimated 0.1-5%) would allow the sector to achieve efficiencies that can make it an affordable, reliable alternative to long supply chains. And as industrial food prices rise, any price gap between them may disappear.

2. Local Food strengthens local economies

Value generated from supermarket supply chains mostly leaves local economies.

Farmers receive a tiny proportion of final retail price through the supermarket system⁹, which often leaves them struggling financially¹⁰. Meanwhile listed supermarkets receive much more and only spend locally on wages, with 98% of net profits transferred to shareholders through dividends and share buybacks¹¹.

Local food systems strengthen local economies through:

- **Increased income for producers.** Producers participating in short supply chains often retain much more value – around 39% of final retail price¹², compared with <1% typical of the supermarket systems¹³. This opens opportunity for higher farm profitability.
- **More jobs generated locally.** Local food systems create employment closer to where people live, rather than overseas. This is true for both producers¹⁴ and retailers¹⁵ involved in short supply chains but varies from a factor of 2-10.
- **A wider spread of income, leading to more local spending.** Short supply chains allow producers and local actors to retain more wealth compared to shareholder-driven supermarkets. A US study shows that \$1 million in local food sales creates ~\$750,000 in indirect economic activity versus ~\$500,000 from supermarket systems¹⁶.

Investment in local food can increase farm profitability. Producer incomes from participation in local food systems are high, but so are the costs, due to the current labour intensity of logistics and marketing on a small scale. Investment in local food systems at the regional level would enable economies of scale to reduce those costs, increasing both producer profitability and resilience at the same time.

Conclusion

The current UK food system set-up leaves the UK economically vulnerable and misses the opportunity for local economic growth. Scaling local food systems to deliver a greater proportion of our food, from the estimated 0.1%-5% to 10-30%, can help reduce inflationary pressure, improve food availability, and help bring wealth back to local economies.

Our 3 asks of the Food Strategy for local food:

1. Set an ambition to raise local food supply to 25% by 2030.
2. Empower local mayors, or regional / combined authorities, to plan local food supply chains by funding them to produce Local Food Growth Plans.
3. Use government levers to support stronger local food infrastructure so that producers can supply their local population.

The Government's Food Strategy is a key opportunity to scale what already works.

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Sustain is a powerful alliance of organisations and communities working together for a better system of food, farming and fishing, and cultivating the movement for change.

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- ¹³ Sustain (2022) *Unpicking food prices: Where does your food pound go, and why do farmers get so little?* London: Sustain: The alliance for better food and farming. [\[unpicking-...ices-Dec22 | PDF\]](#)
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