October 2025

Sustain representation to the Autumn Budget 2025

Sustain is a powerful alliance of organisations and communities working together for a better system of food and farming, and cultivating the movement for change. Our alliance comprises over 100 organisations. www.sustainweb.org

In this submission, we focus on considerations for HM Treasury in three main areas:

- Health
- Education
- Environment and Rural Affairs

Health

Expand use of financial incentives for a healthier food and drink industry

(HM Treasury, Department for Health and Social Care [DHSC], Department for Environment Food and Rural Affairs [DEFRA])

Recommendation:

- **Strengthen and expand the Soft Drinks Industry Levy (SDIL)** to include pre-packaged milk-based drinks and plant-based alternatives with added sugar.
- **Investigate where and how fiscal measures can play a role in driving food reformulation and enable implementation of the Healthy Food Standard (HFS).**
- **Use revenues from the SDIL and any future levies to invest in children's health and access to good food**, such as free school meals, Healthy Start, and community food programmes.

The business case for change

Poor population health is a major drag on UK economic growth, workforce participation, and productivity. Obesity and overweight alone cost the economy an estimated £98 billion per year, including £19 billion in NHS costs and up to £15.1 billion in lost productivity.[1] These pressures are unsustainable and threaten the long-term stability of public services and the wider economy.

Preventing ill-health through improved diets offers one of the highest-value interventions available to government. Four of the top five risk factors for poor health relate to diet[2], and excessive salt and sugar consumption drive cardiovascular disease, type 2 diabetes, and other chronic conditions that increase welfare and care costs.[3] Despite some progress, voluntary reformulation schemes have delivered limited impact, achieving just a 3.5% reduction in sugar and little change in calories or salt intake.[4] The absence of accountability and transparency has further slowed progress.

In contrast, the Soft Drinks Industry Levy (SDIL) provides a proven model for success. By introducing a mandatory fiscal measure, it achieved a 47.4% reduction in sugar in soft drinks between 2015-2024[5], prevented thousands of cases of obesity[6] and dental extractions[7], and generated over £2.2 billion in revenue for children's health programmes - all while the soft drinks industry grew 13.5% in sales volume.[8]

The SDIL should be strengthened as proposed in the SDIL review to ensure it continues to provide the maximum benefit. Meanwhile HMT should investigate how further fiscal measures can play a role in driving food reformulation and how this can support the recently announced Healthy Food Standard. Additionally, revenues from the SDIL and any future levies should be invested in children's health and access to good food, to have the biggest impact on diets.

The evidence demonstrates that well-designed fiscal levers can simultaneously improve public health, drive innovation, enhance productivity, and strengthen the UK's fiscal position, delivering clear economic and societal returns on investment.

For more detail, please see the Recipe for Change coalition's representation, of which we are a member.

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[1] Frontier Economics (2023) Unhealthy Numbers: The Rising Cost of Obesity in the UK https://www.institute.global/insights/public-services/unhealthy-numbers-the-rising-cost-of-obesity-in-the-uk

[2] National Food Strategy (2021), Global Burden of Disease 2019 data, NFS analysis https://www.nationalfoodstrategy.org/the-report/

[3] World Health organisation (2021), Obesity and Overweight https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight

[4] OHID (2022), Sugar reduction – industry progress 2015 – 2020, https://assets.publishing.service.gov.uk/media/6388cd71d3bf7f328c0ded27/Sugar-reduction-and-reformulation-progress-report-2015-to-2020.pdf

[5] Office for Health Improvement & Disparities (2024), Sugar reduction in drinks: 2015 - 2024 https://fingertips.phe.org.uk/static-reports/obesity-physical-activity-nutrition/sugar-reduction-drinks-2015-2024.html#key-findings

[6] Cambridge University (2022) Sugary drinks tax may have prevented over 5,000 cases of obesity a year in year six girls alone https://www.cam.ac.uk/research/news/sugary-drinks-tax-may-have-prevented-over-5000-cases-of-obesity-a-year-in-year-six-girls-alone

[7] Rogers NT, Conway DI, Mytton O, *et al* (2023), Estimated impact of the UK soft drinks industry levy on childhood hospital admissions for carious tooth extractions: interrupted time series analysis *BMJ Nutrition, Prevention & Health* 2023;e000714. doi: 10.1136/bmjnph-2023-000714

[8] Office for Health Improvement & Disparities (2024), Sugar reduction in drinks: 2015 - 2024 https://fingertips.phe.org.uk/static-reports/obesity-physical-activity-nutrition/sugar-reduction-drinks-2015-2024.html#key-findings

Invest in Healthy Start

(Department for Health and Social Care)

Recommendations:

- The Government should invest in **expanding eligibility to all families in receipt of Universal Credit**, in line with the recently announced expansion to Free School Meal entitlement.
- From April 2026, the value of the Healthy Start allowance should be reviewed annually and raised in line with food price inflation alongside other government benefits.
- The scheme should be **sufficiently funded to facilitate auto-enrolment**, with an "opt-out" rather than the current "opt-in" system to remove barriers faced by families applying online or by post. In the interim, the Government should write to all eligible families to ensure they are aware of the scheme.
- The Government should also fund the programme sufficiently to **expand eligibility to children under five years old**, bridging the gap between the Healthy Start Scheme and universal Infant Free School Meals and to align with Government recommendations on vitamin supplementation.
- To ensure equitable access, the Government should expand **permanent eligibility of the Healthy Start scheme to non-British children under five from families with NRPF**, pregnant women with NRPF and mothers with children under 1 with NRPF, who meet the other eligibility criteria.

The case for investment

Expanding eligibility of Healthy Start

Eligibility for the Healthy Start scheme requires families to be in receipt of a qualifying benefit and to meet a very restrictive income threshold of £408 per month or less (excluding benefits). Many low-income families on Universal Credit and equivalent support are unable to benefit. In April 2025, just 330,500 children under 4 and pregnant women were registered for Healthy Start, equating to less than 10% of the total population in these groups. We know, however, that 48% of households with children under 5 experience poverty. This disconnect highlights a clear gap between the number of families able to access Healthy Start, and the true number of those who need this vital nutritional safety net.

Furthermore, there are children falling through the gap in support between eligibility to the Healthy Start Scheme which ends at age four and to Free School Meals which start on entry to school between four and five years of age. The age range of the scheme also falls short of the NHS recommendation that all children aged six months to five years are given vitamin supplements containing vitamins A, C and D.

Access for families with no recourse to public funds (NRPF)

In May 2021, Healthy Start eligibility was extended through a non-statutory scheme to British children aged under 4 from families with no recourse to public funds (NRPF) who meet the other eligibility criteria. However, a combination of lack of awareness, the complexity of the application process, language barriers and fear of immigration authorities means applications from this group are very low. As of the 19 June 2025, the number of those subject to no recourse to public funds, with a British child aged under four years old, in receipt of the Healthy Start Extension Scheme was 75. Moreover, refusals are high, likely due to the narrow eligibility criteria and burden of eligibility proof needed. Families with NRPF whose children are not British Citizens are not currently eligible to access this scheme.

In October 2024 the Government closed a consultation on expanding eligibility to other families who are prevented from accessing public funds due to immigration controls (families with NRPF) but who meet the other criteria for the Healthy Start Scheme. As of September 2025, the Government have yet to publish their response to this consultation.

Increasing the value of Healthy Start

In the 10 Year Health Plan for England: fit for the future, the Government announced an increase of approximately 10% to the weekly Healthy Start payments from April 2026. This means that for pregnant teenagers, and eligible pregnant families with a child under 4, weekly payments will be £4.65, and for families with a child under 1, payments will be £9.30 per week.

This is the first increase in payment since April 2021 and is therefore welcome. However, the value of payments falls short of the value offered in Scotland under the equivalent scheme of Best Start (payments are £10.80 for under 1s and £5.40 for pregnant mothers and families with children under 4). Nor does the new uplift keep up with high levels of inflation and rising food prices. Healthy Start payments can be used to purchase first infant formula milk, which for mothers not breastfeeding, is the only alternative safe nutrition for babies under 6 months old. Infant formula prices rose by 20-59% from 2019 to 2023, compared to overall food prices rising by 32% in the same period. Under the current Healthy Start Scheme value, only four first infant formula products in a standard 800g are affordable within the weekly £8.50 Healthy Start scheme payment provided to eligible families with a child under one.

Restore and increase public health funding

Recommendation:

- The Government should restore the public-health grant to at least 2015/16 levels increasing public health investment by £1 billion per year with a commitment to ensuring the grant keeps pace with growth in NHS England's spending in the longer term.

The case for investment

Since 2013, local authorities in England have been responsible for improving the health of their local populations supported by a ring-fenced public health grant and a public health team. The grant is used by local council leaders to invest in the health of their residents, including programmes to support healthy weight, early years interventions and weight management services, as well as invest in their own localised regulations including planning, licensing, advertising regulations, system leadership and procurement to create healthier environments.

The grant continues to provide excellent value for money, with each additional year of good health providing 3-4 times more value than NHS-led treatment interventions (£3,800 compared with £13,500) [18]. Failure to invest in vital preventive services will mean health worsening further, widening health inequalities, and the costs of dealing with this poor health will be felt across society and the economy.

The public health grant has been cut by 26% on a real-term per person basis since 2015/16. The recent announcement of a 5.4% increase in 2025/26, with the possibility of multi-year settlements, is a welcome step towards the overall goal of restoring the value of the grant to enable the provision of vital services. However, this must be the beginning of a long-term growth in funding to restore the full value of the grant.

Local authorities need stable funding arrangements that enable them to carry out the long-term planning and investment needed in this policy space.

Education

Healthy School Food For All

(Department for Education)

Recommendations:

- HM Treasury should announce a joint initiative with the Department of Education, DHSC and DEFRA as part of the new Food Strategy to **review funding systems on school food** to ensure (a) **a thriving procurement and catering sector,** providing decent jobs and job security, whilst serving up nutritious food that is procured in line with government health and sustainability standards and targets and (b) facilitate longer-term roadmap towards **healthy, sustainable school food for all** children from nursery to sixth form, and potentially drive a £600 million boost for British farmers[9].

[9] Follow the Carrot: How can free school meal expansion deliver economic benefits for UK farmers, Sept 2025, Sustain, Bremner & Co, Ampney Brook Foundation https://www.sustainweb.org/reports/sep25-follow-the-carrot/

- To set budgets to **ensure free school meal funding in 2026/27 is sufficient to cover the full costs of delivery**, as well as provide sufficient capital investment costs to scale up operations where needed. Adjusting the per meal rate would support jobs in this crucial employment sector, and enable schools, caterers and local authorities to meet quality and nutritional standards.
- The Treasury should support work across the Department for Work and Pensions and the Department of Education to implement **an automated opt-out enrolment system**.
- To ensure that over £1.4billion of taxpayer money invested in free school meals is delivering nutritious meals in line with school food standards, the Government ensure adequate resources are made available to DFE and local authorities to deliver **an effective compliance monitoring system**.
- The Government must maintain **a multi-year funding arrangement for the National School Breakfast Programme** to continue operating during the transition period to national primary school breakfast club provision and maintain support in secondary schools meeting the eligibility criteria.
- Ensure the budget for the **Holiday Activities and Food Programme** is sufficient to reflect an increase to the benefit-related threshold for entitlement, so as to meet the government's target to reduce child poverty, as well as adjusted with inflation to reflect increased costs of delivery for local providers.

The case for investment

We welcome the government's plan to expand eligibility for Free School Meals in England to all children in households in receipt of Universal Credit, as well as the roll out of breakfast clubs in all primary schools by 2029.

The new Government has set out to create the 'healthiest ever generation of children', including establishing a cross-departmental Health Mission and a new strategy to address Child Poverty. Meanwhile it is also committed to driving a 10 Year Health Plan, 10 outcomes for a cross-governmental food strategy including access to affordable, healthy food and reducing food-related health inequalities.

All the evidence shows that providing hot, nutritious lunches for children in school acts as a foundation for good learning, more cohesive and harmonious classrooms, supporting teachers to teach and children to learn and achieve.

A healthy school food sector also supports local employment as well as wider food and farming supply chain development. Currently, despite a vision of an education system free at the point of access to any child regardless of background, children are means-tested for school lunches, undermining the programme's potential to drive future health and prosperity.

- Independent analysis shows that universal school meals during all six years of primary schools have been associated with reducing obesity prevalence.[10]
- Independently commissioned evaluation of the first year of the Mayor of London's additional funding for free school meals in all London state-funded primary schools has highlighted multiple benefits showing that investment is 'more than a meal'. Uptake of healthy school meals has increased, more children are trying new foods, the policy is reducing administrative burdens for schools, improving relationships between schools and parents, and reducing anxiety and pressures on parents, enabling a better start to every school day.[11]
- A study by Price Waterhouse Coopers for Impact on Urban Health calculates that, if free school meals were extended to all pupils universally, the returns would be even greater: £1.71 for every pound invested. Over a 20-year period, the researchers estimate that this latter approach could deliver economic benefits worth £99.5 billion over the next 20 years, if adopted.
- It is estimated that for every 100,000 children receiving school meals, on average school feeding programmes create 1,668 jobs.[16] If contracted under Real Living Wage, this could support the Government's vision of unlocking jobs and opportunities across the country.
- Our analysis shows a potential £600 million boost for the UK farming economy could be delivered via universal school meals in line with procurement goals for 50% local, sustainable and British sourcing, as pledged by DEFRA[12].
- If contracted in line with Government Buying Standards and commitments to source from British producers, local companies and sustainable sources, this could also boost the UK's farming, SME sector and contribute to overall economic growth.

Ensure success in expanding Free School Meals

We welcome the Government commitment to **expand school meals to children in state-funded schools from families in receipt of Universal Credit or equivalent benefits** from September 2026.

The success of this expansion crucially requires the funding model for schools and their catering partners to ensure good nutritious food on the plate for all children eligible for these benefits, and to maximise uptake of the free school meal offer.

- To ensure no child misses out, the Treasury should support work across the Department for Work and Pensions and the Department of Education to implement **an automated opt-out enrolment system** in order to ensure eligible children then are able to access school meals without further stigma or

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[10] https://www.iser.essex.ac.uk/wp-content/uploads/files/misoc/reports/Impact-of-the-UFSM-schemes-in-England.pdf
[11] https://urbanhealth.org.uk/wp-content/uploads/2024/11/IoUH-Free-School-Meals-Report.pdf
[12] Follow the Carrot: How can free school meal expansion deliver economic benefits for UK farmers, Sept 2025, Sustain, Bremner & Co, Ampney Brook Foundation https://www.sustainweb.org/reports/sep25-follow-the-carrot/

barriers, and that schools are able to claim pupil premium for all children eligible for Free School Meals (FSM) and provide additional learning support. As these pupils are currently eligible for FSM, government should already be making provision for this funding to be claimed.
- The government must also ensure that all children in households with **No Recourse to Public Funds** have equitable access to free school meals, with an adjusted eligibility threshold in line with the Universal Credit commitment.

Ensuring a thriving, healthy and sustainable school catering sector

The funding levels for school meals have also not kept pace with inflation in recent years. With rising food, energy and wage costs, and other pressures on school and education budgets, there are increasing risks to the sustainability of school meals services for schools, local authorities and catering companies. These pressures are particularly acute for smaller schools who cannot achieve economies of scale as some larger, mostly secondary, schools. When schools are forced to raise the price of paid-for meals or reduce quality and portion sizes, this often results in lower uptake, further threatening viability of services, and exacerbating nutritional challenges for children and families. With an increased number of pupils in England moving from paid for meals to free school meals, it is absolutely critical now for the Government to ensure a sustainable funding level that enables schools and their catering partners to operate this crucial part of the school day effectively, reduce and eliminate deficits, and align their school meal offer with School Food Standards, which are currently being strengthened.

- If the per meal rate had risen in line with inflation since introduction of Universal Infant Free School Meals in 2014, then it would be £3.20 per day in 2024, not £2.61 per meal grant for free school meals at present.[13] The Mayor of London is now providing funding for 2024/25 at a rate of £3 per meal. Scotland is funding meals at £3.33 per day, and Wales at £3.20.
- A 2024 Cost of a School Meal study published by our Sustain member School Food Matters analysed the true costs of providing nutritious, sustainably sourced school meals, and recommended a rate of £3.17 per meal, not dissimilar to the inflation rate above[14].
- The Local Authority Catering Association is calling for a per meal rate of £3.45[15].

With an estimated 60% of Britain's £5 billion public sector food procurement investment being spent in schools, we must ensure taxpayers money delivers impact for our whole economy, as well as directly for children's nutrition. Our modelling

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[13] Figures derived from £2.30 baseline set in 2014 for Universal Infant Free School Meals, using Bank of England inflation calculator drawing on ONS Consumer Prices Index (CPI) data.
[14] https://www.schoolfoodmatters.org/sites/default/files/2024-10/CoaSM-report.pdf
[15] https://www.laca.co.uk/news/laca-report-calls-government-raise-school-meals-funding-ps345-meal

shows that, by aligning school meal expansion with a commitment to sustainable, British sourcing, a potential **£600 million per year boost** could be achieved for UK farmers and our local economy (from universal school meals) and support wider food resilience and security[16]. However, this also requires school meals to be properly funded, alongside effective procurement and supply chain support for producers to access markets.

- HM Treasury should announce a joint initiative with the Department of Education, DHSC and DEFRA as part of the new Food Strategy to **review funding systems on school food** to ensure (a) **a thriving procurement and catering sector,** providing decent jobs and job security, whilst serving up nutritious food that is procured in line with government health and sustainability standards and targets and (b) facilitate longer-term roadmap towards **healthy, sustainable school food for all** children from nursery to sixth form, and potentially drive a £600 million boost for British farmers.

Ensuring access to breakfast provision in areas of high deprivation

We welcome the Government's commitment to healthy breakfast club provision, and the announcement of a tripling of funding during 2025/26 to cover the early adoption of the new primary breakfast clubs and continuation of the National School Breakfast Programme working in both primary and secondary schools in areas of higher deprivation.

- The budget must ensure the continuation of the National School Breakfast Programme in secondary schools, alongside the national roll out of the government's new breakfast clubs offer. The latter must ensure learning from the Early Adopter programme with 750 schools, including the funding levels associated with delivery, are adequately built into the next stage of breakfast expansion.

Holiday Activities and Food Programme

We welcome the recent government confirmation of a three-year £600 million settlement for the Holiday Activities and Food Programme (HAF) from April 2026 onwards[17]. This multi-year settlement will enable programme providers – schools, local authorities and their delivery partners – to plan this service effectively, with knowledge of funding available. It also allows for ongoing improvement and innovation, such as

[16] Follow the Carrot: How can free school meal expansion deliver economic benefits for UK farmers, Sept 2025, Sustain, Bremner & Co, Ampney Brook Foundation https://www.sustainweb.org/reports/sep25-follow-the-carrot/
[17] Government announcement 28 August 2025 https://www.gov.uk/government/news/parents-to-save-thousands-in-government-cost-of-living-support

those demonstrated by the HAF+ programme approach pioneered in the North East of England[18].

There is significant evidence of the impact of this programme, which focusses free places on children eligible for pupil premium/benefit-related FSM. Evidence shows that children participating in these programmes are more likely to return to school healthier and more ready to learn.

However, whilst free school meals (FSM) will be expanded to all children in households receiving Universal Credit from September 2026, eligibility for other associated benefits such as pupil premium or free HAF places remains based on the old £7,400 household income threshold (after tax, before benefits), and the funding rate has not changed in line with inflationary increases to wage, food and other costs, inevitably limiting the ability of local providers to fund enough places for all children living in poverty.

- We urge the Treasury to work with the Department for Education to ensure their budget provides an ability to increase the benefit-related threshold for entitlement for HAF (and pupil premium) to ensure the programme can reach children living in poverty, as well as reflect increased costs of delivery for local providers.

Investment for compliance and monitoring of School Food Standards

The UK Government invests over £2 billion of public funds to the delivery of free school meals in England, with mandatory School Food Standards applying to all state-funded maintained schools and most academies for food served across the whole school day.

School Food Standards are currently being reviewed and updated by the Department for Health and the Department for Education, to bring them into line with official nutritional advice. The current funding levels for school meals must not set an unhealthy barrier for ambition on how standards are delivered, or their alignment with Government Buying Standards driving local and sustainable procurement in other parts of the public sector.

There is also no formal monitoring of compliance with standards, and a large degree of concern that they are not being delivered adequately.

The FSA compliance pilot, which reported in August 2024 concluded that there is a viable way of conducting these checks, however there is a shortage of available resources for training and supporting officers to undertake them, or to work with

[18] https://www.northumbria.ac.uk/takeontomorrow/it-is-time/healthy-living-lab/haf-plus/

schools to remedy non-compliance[19]. A barrier to implementing an effective monitoring system is therefore lack of resource available to the Department for Education to work with FSA, Ofsted, local authorities and school networks.

- School meal funding rates from 2026/27 should facilitate full compliance with an ambitious new set of School Food Standards, aligned with the government's ambitions on health and nutrition, sustainability and climate resilience, opportunities for British producers and SMEs.
- The budget for DFE should be sufficient to allow establishment of a system of school food standards monitoring and compliance across the whole of England, and in devolved nations via the Barnett Formula.

Funding these investments

We note that funding for the National School Breakfast Programme was provided from the revenues raised by the Soft Drinks Industry Levy. To fund the above, see the section on expanding use of financial incentives for a healthier food and drink industry plus the detailed submission from our Recipe for Change campaign. There is significant public support for use of levies on unhealthy food to be used to expand nutritional safety nets such as school lunches, Healthy Start, breakfast programmes and the Holiday Activities and Food Programme.

Environment and Rural Affairs

Protect and increase the farming budget for the long term

(Department for Environment Food and Rural Affairs [DEFRA])

Recommendations:

- **Increase the farming budget as a mission-critical resource for the environment that must be allocated toward long-term environmental targets to ensure the UK meets its EIP 2023 objectives and ensure long-term food security**. The UK farming budget has remained unchanged since 2013, and significant inflation since then means today's budget is a real terms funding cut.
- **Invest in independent advice and training, with extra money allocated to train farmers transitioning to agroecological farming practices**, ensuring that

[19] https://www.food.gov.uk/news-alerts/news/food-standards-agency-publishes-final-report-on-school-food-standards-compliance-pilot

whole-farm planning incorporates both economic resilience and environmental gains.

The case for investment

The Government's Environmental Land Management (ELM) schemes represent one of the most progressive farming policies in Europe. With 70% of UK land farmed, the ELM schemes aim to use this vast resource to deliver public goods that restore nature, mitigate climate change, and support resilient food production.

According to the Environmental Improvement Plan (EIP) 2023, achieving environmental targets is highly dependent on effective land management. The Office for Environmental Protection found that the UK is currently off track to meet those targets, with the effects of climate change and nature degradation already starting to impact our economy.[35] Climate change impacts - such as increased flood risk[36] - are already posing a significant threat to agricultural productivity.

On top of this, the Green Finance Institute recently estimated that nature degradation could cause up to a 12% loss in UK GDP, highlighting the economic risks if environmental targets are not met.[37] This is further backed up by analysis from PwC, which showed that 47% of companies listed on the London Stock Exchange are highly or moderately dependent on nature.[38]

The ELM schemes are delivering positive early results. Evidence from Natural England shows that species increased by 53% in areas under agri-environmental schemes, indicating the positive biodiversity impact of such policies.[39] However, the current funding level remains insufficient, with a recent independent study estimate that at least £5.9 billion is required to fully fund ELMs to deliver on nature and climate goals.[40] In addition, the National Audit Office found that available advice and support for farmers remains inadequate, which limits their ability to transition to nature-friendly practices. [41]

To ensure long term food security while making progress towards the Government's climate and nature targets, a sector-wide transition towards nature friendly and agroecological farming will be necessary – shifting away from the dependence on chemical inputs, and towards practices which work in harmony with nature, such as organic. The efficiency of that transition will largely depend on the provision of independent advice – which is not tied to input sales – and the effectiveness of that advice. A growing body of research has highlighted the limitations of traditional advisory services, as the standardised solutions they offer are often unsuited to the specific context, conditions, and needs of each farm.[42] The issue of trust can also be a barrier to the implementation of farming advice.

Ensure Fairness in the Food Supply Chain

(Department for Environment Food and Rural Affairs [DEFRA])

Recommendations:

- **Expand, strengthen, and reform the Groceries Code Adjudicator to ensure supply chain fairness**. Significant gaps in the food supply chain remain overlooked by current regulations.[43] The GCA's remit should be expanded and strengthened to include businesses with a turnover of over £500,000, with the GCA's golden rules legally incorporated into the GCA, and it should also adopt a more deterrence-based rather than compliance ('collaborative') orientated approach to enforcement, to reduce incentives for non-compliance. This could involve a greater use of its already existing fining and investigatory powers.
- **Require research into Local Food Infrastructure requirements within regions.** Evidence shows that farmers would like to access alternative, more farmer-focused routes to market but the infrastructure necessary for them to do that is lacking. A programme to map infrastructure needs across regions is needed. Sustain has begun this work through our regional approaches to local food, working with regional cohorts of Food Partnerships to map what is needed where, but this must be expanded across the UK to provide a clear national picture of what local food infrastructure is required where.
- **Build up more farmer focused routes to market by establish a dedicated Local Food Infrastructure Fund** to support the creation or expansion of infrastructure. This would be a ring-fenced fund for Local Authorities or Food Partnerships to apply for to stimulate the establishment of new infrastructure. It could use replacement to the Shared Prosperity or Levelling Up funds to target regional disparities, and/or the National Wealth Fund could be utilised. While some government grants for local food projects exist across the four nations, these are small and not sufficient to build resilient local food systems systematically.
    - As a start this could include establishing a £10 million Food Hub Fund to support the establishment of 15 new food hubs (aggregators of local food supply that can coordinate processing, packing and distribution) across England, helping more growers access farmer-focussed routes to market. Farmer-focused routes to markets are inherently fairer for farmers and bring more prosperity to the local economy. Analysis shows that for every £1 spent on veg box schemes and in farmers' markets, £3.70 is generated in wider community and industry value. [44]
- **Updated and improved composition, labelling and marketing standards and guidance**. To help create a more equitable playing field on which SME food businesses (such as local, independent bakeries) have a better chance of surviving and thriving.

The case for change and investment

The UK's food supply chain has become highly concentrated, with over 95% of food sold through just 12 retailers. This concentration has led to a significant imbalance in power, with farmers often earning less than 1p per pound of produce sold.[45] Recent research shows that 49% of growers fear going out of business within the next year, citing unfair contracts and supermarket pressures as key factors.[46] This environment not only affects farmer livelihoods but also hinders the sector's ability to invest in sustainable, nature-friendly farming methods and deliver on the EIP targets.

Vibrant high streets, full of diverse local businesses, such as SME bakeries, are key to the UK's economic success.

- There are around 2,500 micro and small bakeries in the UK.
- They represent the majority of businesses (and are the key innovators) in the bakery sector.
- Through feeding people in their neighbourhoods, small bakeries create tens of thousands skilled, rewarding jobs for people in their communities, generating a high local economic multiplier effect and helping to keep our high streets alive.

Many, however, are under threat of closure. This is largely due to skyrocketing costs of energy, rent, ingredients and employing people. At the same time, tightening budgets on the other side of the counter are limiting customers' spending ability. Far too many of the UK's local bakeries are now facing financial crisis and at risk of following previously thriving businesses that have been forced to close in recent years.[20] Our Honest Crust Act proposals are a key piece in the jigsaw of supporting the sector.

Develop and fund an ambitious Horticulture Growth Strategy

(Department for Environment Food and Rural Affairs [DEFRA])

Recommendations:

- **Develop the Horticulture Growth Strategy as a comprehensive and cross-departmental to secure a resilient future for British horticulture while addressing the interconnected challenges of public health and environmental sustainability**. As recommended by the House of Lords Horticulture Sector Committee,[47] the Government short commit not just to develop a horticulture strategy but that it is ambitious and cross-departmental.

[20] Sustaining small bakery businesses: Looking to the future in challenging times, the Open University, November 2022 www.sustainweb.org/reports/nov22-sustaining-small-bakery-businesses

- **Launch a public campaign to boost the consumption of fruit and vegetables**: As it stands, 10 times more money is estimated to be spent on advertising foods high in fat, salt and sugar (HFSS) than on fruit and vegetables.[48] Some local authorities[49] are already taking steps to restrict the advertising of unhealthy foods – if this money was redirected towards the marketing of healthier options, it could **drive a vital increase in fruit and vegetable consumption, ensuring a reliable market for UK growers as a result**.
- **Provide specific funding to support farmers to grow more vegetables, pulses and legumes, and for supply chain innovation, storage and processing capacity**.
- **Harness the power of public procurement to transform the national food landscape**. The UK public sector spends approximately £2.4 billion annually on food procurement and catering services.[50] This expenditure covers various institutions, including schools, hospitals, prisons, and government offices. As such, **public procurement has the potential to boost demand for local, nature-friendly, sustainable produce, promoting biodiversity, contributing to climate targets and supporting healthy diets**. **The Government Buying Standards should also be updated to drive healthy, planet-friendly diets**, requiring that caterer's source more UK-grown, seasonal, agroecological produce, including organic, supporting local supply chains wherever possible. Sustain has shown that school meal expansion could deliver £600 million boost for British farmers.[21]
- **Invest in horticulture as a key green growth sector for UK agriculture,** a strategic industry for food security, green jobs, and net zero, with horticulture at the centre of a sustainable growth strategy for the UK agricultural sector. This means also **better bridging the UK's world-leading agricultural research and with farmer-led innovation on the ground to drive growth in the commercial edible horticulture sector**, particularly in the emerging market for plant-based proteins.
- **Create a strong home market for British regenerative horticulture by not just** harnessing the power of public procurement (as above) but also **setting binding food standards and expand the School Fruit and Vegetable Scheme** and **using public spending to provide secure, fair markets that enable growers to invest and scale**.
- **Introduce a UK government backed horticulture renewal programme to ensure the next generation of growers are trained and recruited** while **supporting the sector's transition to peat-free, low-carbon and nature-**

[21] Follow the Carrot: How can free school meal expansion deliver economic benefits for UK farmers, Sept 2025, Sustain, Bremner & Co, Ampney Brook Foundation https://www.sustainweb.org/reports/sep25-follow-the-carrot/

friendly production** and **provide capital grants, advice and land access for new entrants and growers**.

The case for change and investment

DEFRA's latest horticultural statistics reveal that the UK produces just 52.7% of its vegetables and 15.8% of its fruit, a figure that continues to decline. With 33% of adults failing to meet the recommended five-a-day intake, and with diet related illnesses such as type 2 diabetes projected to cost the NHS more than cancer by 2035[51], and the number of people economically inactive because of long-term sickness at 2.8 million[52] - increasing fruit and vegetable production and consumption is a clear, cost-effective strategy to ease the growing financial burden on our healthcare system and improve our public health.

With a revitalised horticulture sector, there's the potential for a £500 million[53] increase in direct GDP contributions from the fresh produce industry, and up to £126 billion[54] of long-term economic benefits from a healthier, more sustainable UK food system of which increase fruit, vegetables, and fibre consumption is a core component.

Resource regulators so that river pollution from agriculture can be tackled

(Department for Environment Food and Rural Affairs [DEFRA])

Recommendations:

- **Restore funding of environmental regulatory and delivery bodies, including the Environment Agency and Natural England, to at least 2010 levels** (in real terms) so that they have the resources and skills to enforce standards for river testing and regulation enforcement.
- In addition to supporting sustainable agriculture through farm payment schemes, **create equitable and just incentive schemes for operators of intensive livestock units to transition to more sustainable, less polluting and more climate-friendly farming systems**.

The case for change and investment

The Government has a target of achieving Good Ecological Status for 75% of water bodies by 2027. Currently just 15% of English, 44% Welsh, 67% of Scottish and 31% of Northern Irish river stretches meet this standard. Agriculture is the main cause of river pollution incidents in England and livestock farming is the source of 70% nitrogen pollution in the UK. It is not possible to deliver government targets for nature and water recovery without significantly reducing pollution from agricultural sources. Tightened regulations promised by the Government will fail without properly resourced regulatory agencies.

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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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