Research Report

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London Sustainable Food Hub

Opportunities for a sustainable food logistics centre in London

MAYOR OF LONDON

LONDON FOOD
SUPPORTED BY THE LONDON DEVELOPMENT AGENCY

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1. Introduction

This report explores the potential for a London Sustainable Food Hub - a new centre to facilitate a more sustainable food supply for London.

The importance of the food industry in the UK has been recognised by the 'Sustainable Farming and Food Strategy'.[1] The food industry is:

- a major energy user (accounting for nearly 100 tera watt hours (TWh) each year, equivalent to about 11% of UK energy consumption by business) and a major contributor to UK carbon emissions (with 7.9 million tonnes of carbon per year)
- a major user of water, both from direct abstraction and use of the public water supply with a demand on the latter of about 430 megalitres per day, or 10% of all industrial use
- a significant source of waste generation (accounting for about 10% of the industrial and commercial waste stream) and of particular importance for certain priority waste streams, notably packaging
- a major employer, responsible for about 12% of the UK's workforce.

The economic significance of the UK's food industry is summarised in Figure 1.

In London, 7.4 million people consume 6.9 million tonnes of food a year, according to an analysis conducted by Best Foot Forward in 2002.[2] The food sector in London comprises, for example, about 60,000 food business, some 25% of all London enterprises, employing around a tenth of London's workforce[3]. Food accounts for 41% of London's total demands on natural capital and is therefore central and critical to the achievement of wider sustainable development objectives.

Food is also of critical importance to efforts to reduce the environmental effects of transport and shift transport and logistics in the direction of sustainable development, especially traffic reduction and greenhouse gas reduction. UK planning policy commits both national government and local authorities to traffic reduction (PPG 13)[4] and to reductions in greenhouse gas emissions, but the strong growth rates in road freight transport and aviation make these objectives ever more difficult to achieve.

The European Environment Agency (EEA) has recently drawn attention to such transport trends, warning of their negative impact on sustainability:

> *"Under all scenarios explored by the EEA, the transport sector still remains a difficult area in which to reduce emissions. CO2 emissions from transport are projected to continue to grow under all scenarios (to 25-28% above the 1990 level by 2030) because of the steady increase in passenger and freight demand."* [5]

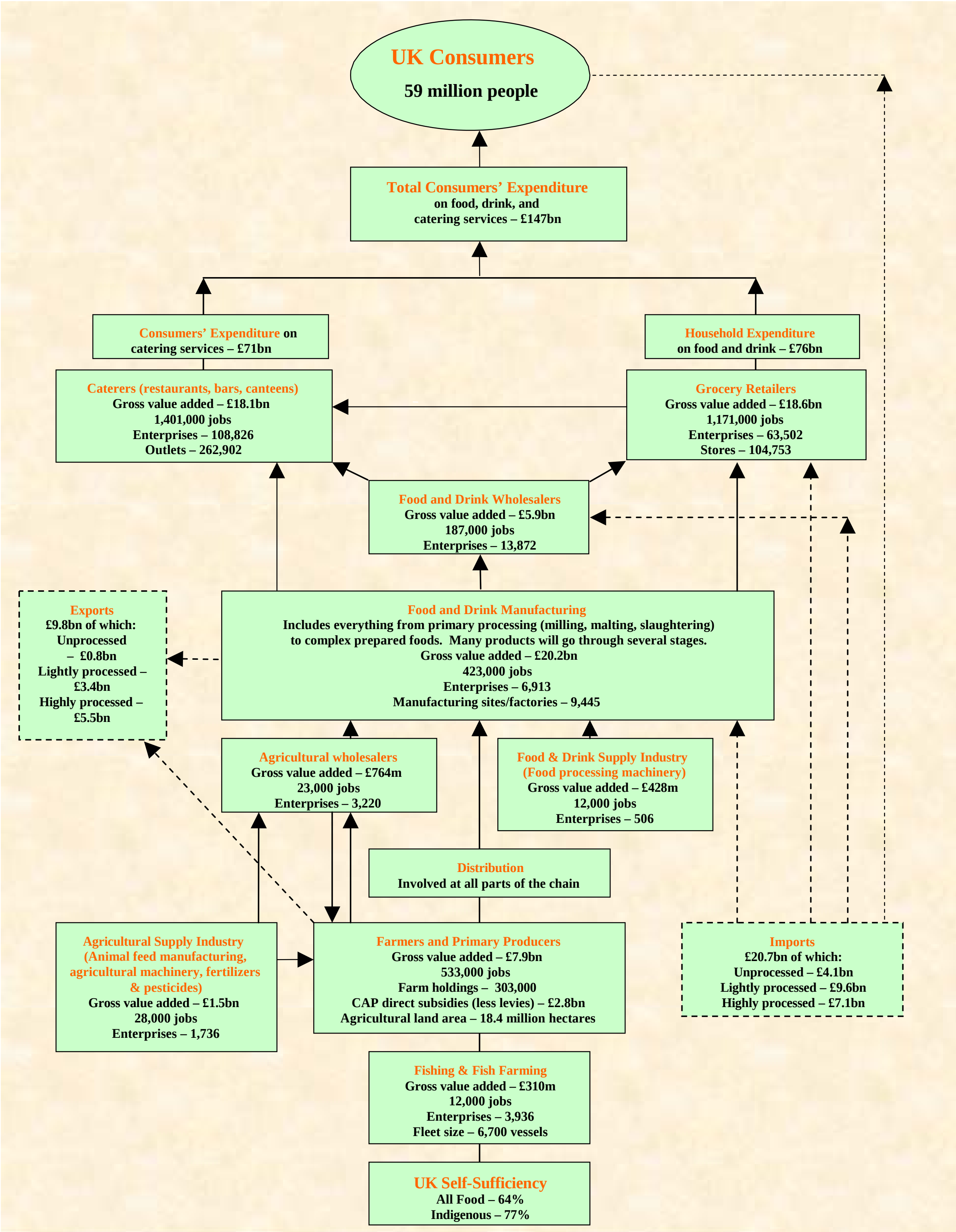
The EEA suggests that a carbon tax, increasing the cost of carbon-emitting fuels, could dampen the demand for road freight transport and aviation. This is a likely scenario for future policy implementation. It would therefore be prudent to build into the food sector a degree of resilience to shifts of this kind, and to encourage infrastructure and supply chains that would suit a future in which carbon fuels will become increasingly expensive. An element of 're-localisation' of food supplies could help to reduce food miles, reduce the reliance of London's food supply on high use of transport fuel, increase local employment and strip out costs from the supply chain. In principle, this would make better quality food more affordable and would add to a virtuous cycle of employment growth through the multiplier effect.

This report sets out the argument that sustainable development objectives can only be achieved if food supply, logistics and marketing are re-engineered to reduce the food system's ecological footprint. This, coupled explicitly with the commitment that a more sustainable food supply system should improve the operations and efficiency of local food enterprises, is the central premise on which proposals for a new London Sustainable Food Hub are founded, in pursuit of a more sustainable food supply for London.

Such an approach is also embedded in the London Development Agency's draft Sustainable Food Strategy,[6] circulated for consultation in autumn 2005. The strategy sets out a radical vision to put London's food supply on a more sustainable footing - economically, socially and ecologically.

A new London Sustainable Food Hub is central to this vision, providing the necessary coordination for sustainably produced food to reach food providers in the capital, particularly those where we believe there is inadequate service provision (i.e. where the market is not working) or lack of market exploitation (where the market opportunities have not been realised). Specifically the hub should service independent neighbourhood retailers, public sector caterers (including schools and hospitals), food access groups, and the restaurant trade.

Figure 1: The UK Food Chain



Source: DEFRA (2005) 'Draft Food Industry Sustainability Strategy' Department of the Environment, Food and Rural Affairs, London, page 5. http://www.defra.gov.uk/corporate/consult/fiss/draft-fiss.pdf

2. The policy context

Many recent policy commitments have a bearing on food issues in general, and on London's food system in particular, creating both imperatives and opportunities for co-ordinated cross-cutting action to improve the sustainability of London's food supply.

As well as the London Food Strategy; food issues are interwoven into a number of Mayoral strategy documents (available online[7]), including the following:

- The Spatial Development Strategy (The London Plan)
- The Economic Development Strategy
- The Health Strategy
- The Transport Strategy
- The Waste Strategy
- The Energy Strategy
- The Noise Strategy
- The Air Quality Strategy
- The Biodiversity Strategy
- The Cultural Strategy
- The Children and Young People's Strategy.

There are over 100 specific references and recommendations that deal directly with food production, distribution, freight transport, economic development and social inclusion. Food is a classic 'cross-cutting' issue that has significant potential to contribute to almost every other strategy and to provide powerful synergistic effects whereby individual effects can be magnified through reinforcement across all strategies.

There is a particularly persuasive case for the adoption of an over-arching food strategy as a powerful way to underpin the implementation of many other strategic policies. The need for such high-level "synergy strategies" is particularly strong in London, due to the scale of the problems to be addressed. Equally, the size of the market for local and organic food in London, and the strength of demand for culturally and religiously appropriate foods (including halal and kosher food), gives London a distinctive advantage in opening up the possibility of innovative food activities linked to regeneration, small businesses, and combating child poverty and food poverty.

Of particular relevance to plans for a London Sustainable Food Hub, the Economic Development Strategy[8] explicitly calls (in section 3.2.2) for new infrastructure - particularly food infrastructure - to support a more diverse and localised food system:

> *"A wide and varied supply of workspace and other premises [is required] to meet the needs of London's varied public, private and voluntary sector businesses at prices they can afford and in appropriate locations. This will include ensuring the continued provision of specialist workspace, such as markets - often relied upon by particular communities within London - and of the agricultural and horticultural facilities in parts of London that support local food production. Adequate provision of warehousing and other logistics infrastructure is also essential to provide the city 's people and businesses with the supplies and services they need."*

This support is given further impetus in the some of the proposed policies in the draft London food strategy, which outlines a much more planned approach to the type of food system which can be envisaged through, for example, retailing.[9] It is worth quoting from this section in detail, as an illustration of an area in which a new London Sustainable Food Hub could contribute to achieving key sustainability policies.

> "Food Retail: Those responsible for selling food in London are the conduit between those that produce food, and those that consume it. They are therefore in a critical position to bring about the 'reconnection' called for by the Curry report, and by 2016 must be playing a transparently positive role in progressing towards a healthier and more sustainable food system for the capital.
>
> - There will be a robust, balanced and 'healthy' diversity of food retailing, in terms of both size and type of ownership, and including different forms of delivery (including High Streets, markets and internet retailing).
> - Good employment and operational conditions will prevail throughout the food retail and catering sectors. Employees should be equipped with the skills necessary both to support the prosperity of the enterprises for which they work and to help Londoners make healthy and sustainable food choices. Businesses will operate to the highest environmental standards, with good health and safety records and good terms and working conditions for their employees.
> - The economic importance of the food retail sector in London will be recognised and supported; and the potential of retail provision to contribute to economic development and regeneration routinely considered.
> - Food retailers of all sizes will use their best endeavours continuously to improve the quality of the products they sell, including an increase in the proportion of food sold that is healthy, culturally appropriate, ethical and environmentally beneficial."

In the draft Food Strategy there is a call for action to support and extend the London Food Link Hospital Food Project, if successful, viz:

> *"Complete and evaluate the pilot initiative with hospitals and, if successful, expand the scheme across hospitals in London and consider transferring to other public services (e.g. prisons). Dissemination of the knowledge gained through the pilot will be a priority;"*

It is also explicit in its hope that publicly provided food will be more sustainable and contribute more positively to the health of diners. It specifically states that: "All public sector organisations will properly embed sustainability within their procurement strategies and they will explicitly address food issues."

To achieve the ambitions of London's Economic Development Strategy and the draft London Food Strategy, there is a clear need for revitalisation of the infrastructure that will support a more sustainable and more local supply chain, to enable such ambitions to become both physically and commercially viable.

Policy context beyond London

The South East regional food and farming strategy[10] underlines the opportunities which London represents as a marketplace for food from surrounding counties. We would suggest that the development of new and existing infrastructure to support the efficient supply of local food into

London will be well supported by London Sustainable Food Hub, as well as offering opportunities to bring producers together into collaborating supplier groups via the centre. Interpretation of the report may lead agencies such as Regional Development Agencies, to exacerbate rather than tackle problems of supply chain inefficiencies (through concentration on cost cutting in the chain) or focus on encouraging high-value niche approaches to local food, rather than developing physically and commercially viable local food systems. The Sustainable Food Hub model seeks to make improvements to the supply chain for local and sustainable foods into London by diversifying supply chain structure for customers while improving efficiency, quality, profitability and capacity of suppliers.

At national level, Defra's draft Food Industry Sustainability Strategy[13] generally limits its ambitions to apply to large companies in the food industry, such as major retailers and caterers. Sustain has been involved in the development of the FISS from its start and we welcome its continued progression. Yet it is plain that the FISS stands little chance of implementation unless either legislation or commercial incentives can be devised to generate industry improvements. The development of regional food infrastructure is urgently needed to increase opportunities for sustainable food systems to thrive in what is currently a rather monolithic food industry structure.

Finally, the opportunities for a London Food Hub to support the future viability of the many food access groups in London would also sit well with national policies to improve diets and health, especially for those living on a low income. The recent Food & Health Action Plan (2004)[11] and Public Health White Paper (2005)[12] from the Department of Health, for example, prompt support for local food access work, as a way to address health inequalities. Proposals for a London Sustainable Food Hub have been developed with this priority, and the needs of the food access sector, also in mind.

Food transport

There is now a very strong and well-respected body of research developing the understanding of the food system's effect on social, economic and environmental issues; and developing methods for assessing different approaches to making the system more sustainable. Most of this work confirms that the food system has a significant impact on the environment, which extends through the whole life cycle. Reducing food miles, reducing embodied energy, reducing waste and eating a more balanced diet containing less meat offer effective ways of reducing the size of the ecological footprint. The following text gives an overview of key work undertaken in recent years.

The work of Andy Jones, for instance, in 'Eating Oil'[14] set a high standard for the understanding of environmental and social effects of global supply chains and the increase in food miles. Tim Lang, Chair of Sustain and Professor of Food Policy at City University, has made many detailed contributions to this debate[15] and organisations such as Sustain and its member organisations[16] have advocated a radical agenda of food quality and sustainability over many years. The report 'Wise Moves' (from the NGO Transport 2000, sponsored by the DTI[17]) showed that food supply systems can be re-engineered to reduce greenhouse gas emissions from the logistic component by up to 60%.[18]

Whilst 'Wise Moves' suggested that small shops are currently less efficient in terms of fuel use than the major retailers with their sophisticated logistical systems, the New Economics Foundation[19] has also produced evidence to show that local shops are far more successful at developing local jobs and viable communities than are large supermarkets. This suggests that a coordination role to support smaller retailers, explicitly to reduce their fuel use, could reap social, economic and environmental benefits.

A great deal of policy relevant research material has now been assembled on the website of the Food Climate Research Network (FCRN),[20] which promotes life-cycle analysis of food products, from farm to fork, looking especially at emissions of gases that contribute to climate change, such as carbon dioxide, nitrous oxides and methane. The body of work collected and coordinated by FCRN reveals that this can be an extremely challenging process. But a majority of the studies also demonstrate that moves towards a more localised supply chain handling seasonal food suited to local growing conditions can have significant environmental benefits, if properly managed.

Ecological footprint of food

A useful way of evaluating the environmental implications of food systems is provided by ecological footprinting and this method has already been applied to institutions, sectors, regions and cities, including London. A 2002 study applying the ecological footprint analysis to London showed that food accounted for 41% of the capital's total demands on natural capital and is therefore central to the achievement of wider sustainability development objectives.[21] A useful survey of the methodology and reports can be found online.[22]

Work carried out by the Stockholm Environment Institute at the University of York has used 'ecological footprinting' techniques to quantify the significance of food within a wider national and international sustainability framework. In one study, researchers showed that York's ecological footprint was 45 times the land area of York itself.[23] This means that York needs to expropriate an area of land 45 times bigger than its own area to cope with all its demands on natural resources and all its needs for carbon absorption. Food accounts for one-third of this footprint mainly because of the energy used at each stage of the food manufacturing process and because of the distances it has to travel to get to consumers in York. The study showed that:

- switching to local food where possible and/or less processed food can reduce this footprint
- reducing wastage is also important (20% of food purchased is never eaten and is thrown away)
- for every tonne of food consumed, 0.25 tonnes of packaging is used
- 50% of the ecological footprint of food is accounted for by the energy required in production, storage, transport and waste disposal.

A similar study by the Stockholm team, carried out for the Welsh Assembly, showed that food and drink were responsible for one third of the ecological footprint of Wales and that this could be reduced by 30% by linking supply chains and changing diets towards more organic food and less meat.[24] The authors of this study identified supply chain inefficiencies as a barrier to achieving higher levels of consumption of organic food. They argued that producers of organic food do not have the money and access to sophisticated logistics and distribution systems to ensure that their produce is made available throughout Wales, and through a distribution system that minimises demands on producers and optimises the use of vehicles. They concluded that policies to increase the consumption of locally produced and organic food require supply chain changes to link producers with consumers.

Finally, and of most significance to this current report, an ecological footprint analysis of London carried out by Best Foot Forward in 2002 showed that in London 7.4 million people consumed 6.9 million tonnes of food, 81% of which was imported[25] - a significantly higher figure than the 36% average for the UK as a whole. The researchers found that London's food supply produced an ecological footprint for food bigger than in York, with food accounting for 41% of London's total demands on natural capital.

The research methodology was criticized and the figure for imports disputed as being too high. Figure 1 (above) from the 'Draft Food Industry Sustainability Strategy' shows that:

- total expenditure on food and drink in the UK is £147 billion and imports are valued at £20.7 billion. This produces an approximate figure fro imports of food and drink of 14%
- UK self sufficiency in food overall is 64% which means that imports are 36%
- UK self sufficiency in indigenous products is 77% which means that imports are 23%.

While the 81% import figure suggested by Best Foot Forward may be an over-estimate, it is nevertheless clear that transport of London's food imposes an enormous burden in terms of health damaging air pollution, road traffic accidents, noise and community severance. Each tonne of food consumed in London has been transported approximately 640 km creating 3,558,650,000 tonne-kilometres of road freight.[26] Road traffic reduction in London depends on a new arrangement for food and a new logistics that can deliver high quality food, transported over shorter distances and using less polluting vehicles.

However, despite this increasingly sophisticated understanding of the problems and the possible solutions, there is a distinct lack of policy development and implementation to reverse unsustainable trends in food production and distribution. London's proposed sustainable food strategy, championed by the mayor, the London Food board and the London Development Agency, is therefore a very welcome opportunity to take a more strategic approach to London's food system. The London Sustainable Food Hub could be a significant factor for achieving greater sustainability for the city as a whole.

It will not be a simple or easy process but it will be worth the effort. The balance of scientific research on food issues is heavily tipped in the direction of emphasising significant environmental, health and transport benefits that can be captured through the development of local production-consumption links, reduced food miles and a shift in diet towards organically produced products, more plant-based foods and reduced meat intake.

Research background

Every year we move 333 million tonnes of food across the UK, generating 41.5 billion tonne-kilometres of transport. Food, which accounts for 29%of UK freight mileage, is the sector with the highest proportion of long-distance traffic and in the past 20 years food-related tonne-kilometres have doubled. The past ten years has also seen a 33 % increase in the length of shopping trips, a total of 884 miles per person per year. Much of this shopping is food related. There is also the international dimension to consider. Both imports and exports of food have roughly tripled over the last 20 years. Particularly worrying has been the rapid growth in the volume of food transported by air, the most polluting form of travel. Thirteen per cent of air-freighted produce is food - the largest air-freighted sector.[27]

The UK government acknowledges the transport and environmental effects of food in its 2005 Food Industry Sustainability Strategy, which reflects several key issues.

- **Food transport is significant and growing.** Food accounted for 33 billion vehicle kilometres in 2002, of which 82% occurred in the UK. Air freight of food accounts for only 0.1% of the vehicle kilometres and 1% of the food miles tonne-kilometres, but is also growing at a significant pace.
- **Food transport is a significant source of CO2 emissions.** Food transport gave rise to around 19 million tonnes of carbon dioxide emissions in 2002, of which 10 million tonnes were emitted in the UK and the remainder overseas.[28]

Defra is rightly at pains to caution against using food miles as a simplistic measure of the environmental effects of the food industry. It is important to emphasise, therefore, that air miles are growing significantly and that the relative damage of air miles over, for example, ship miles is greater, and that CO2 emissions from air miles are recorded by the government only for journeys in UK airspace. It is also important to underscore the great extent to which long-distance food transport is associated with other high energy use and CO2 generating technologies, such as refrigeration and atmosphere controlled storage.

The significance of an increase in food miles, and an increase in the use of carbon-intensive transport, has traditionally been discussed as an environmental problem but it also has significant economic and social costs. In a report on sustainable development indicators,[29] Defra notes that:

- social and environmental costs of food transport are around £9 billion every year, with more than half the costs due to road congestion.
- food transport now accounts for 25%of all Heavy Goods Vehicle (HGV) kilometres in the UK. Since 1974 the quantity of food transported by HGVs has doubled
- consumers travel an average of 136 miles each by car to shop for food
- in 2002, food transport produced 19 million tonnes of carbon dioxide, of which 10 million tonnes were emitted in the UK and 9 million tonnes were generated by food imports. This represented 1.8% of the total annual emissions of carbon dioxide. Within this, however, air freight represents 11% of CO2 equivalent emissions (including radiative forcing of NO2, water vapour and other associated gases).

This, then, is the challenging context for this report into how a London Sustainable Food Hub could be established.

3. The brief

In December 2004 Eco-Logica was commissioned by Sustain, with funding from the London Development Agency (LDA), the England Rural Development Programme and the King's Fund, to draw up a development framework, exploring the potential for a London Sustainable Food Hub - a new centre to facilitate a more sustainable food supply for London.

This report sets out the case that a London Sustainable Food Hub would provide the necessary coordination for sustainably and locally produced food to reach food providers in the capital, specifically: independent neighbourhood retailers, public sector caterers (including schools and hospitals), food access groups, and the restaurant trade.

The hub, a physical building, is proposed as a way of supporting and improving the movement of food from counties around London into the city. The inspiration for this has come from a number of areas.

- The ambition in the food and farming strategy for the south east that London should be a major market for food from that region.[30]
- The success of, or plans for, NGO-tested food hubs in other areas, including Bridport and Ilminster, as well as the increasingly well-organised distribution of sustainable food into London from East Anglia.
- Potential markets for local and/or sustainable food in London, particularly in areas of current market failure, such as poorer neighbourhoods.
- An understanding of the difficulties of getting local produce to London markets (Sustain recently commissioned a report on local food and distribution in London[31]).

From the outset it was envisaged that there could be at least four distinct market channels which could support an increase in demand for local and sustainable food.

- **Independent neighbourhood retailers** who may not currently pay attention to provenance, and who may be able to realise a better return from higher-margin goods.
- **Public sector caterers,** including schools and hospitals. A number of major institutions have succeeded in changing food purchasing practices to include, for example, organic milk, local meat and seasonal fruit, without increased costs and with positive feedback from diners.
- **Food access groups,** especially in East London. Established and professional food access delivery schemes can be both buyers for seasonal local food and providers of high-value food to commercial clients.
- (such as) **Restaurants,** which are often interested in the marketing and quality benefits of specialist, sustainable and locally distinctive foods. Such a market channel will be vital for higher returns and to optimise efficiency.

The terms of reference for this project were explained to a Vision Workshop in February 2005. The Vision Workshop launched the project and brought together over 40 stakeholders from food producers and growers and from those involved in the development of policies and strategies for London's food systems. The workshop framed the main components of the research programme, and helped to establish working relationships with key people.

The proposal for a new London Sustainable Food Hub was described to workshop participants as follows:

> The London Sustainable Food Hub could be a place from which more food from the regions around London is brought for storage, processing and distribution to London customers and markets. In addition, the centre could import exotic foods from sustainable sources (akin to fair-trade). Facilities could include butchery, warehouse and refrigeration facilities, a marketing office, catering facilities, closed organic areas and training space.

The vision for the sustainable food chain centre had six main aspects, as follows.

The London Sustainable Food Hub should provide and/or promote:

- an efficient, trusted and well-regarded warehousing system that can accept, store, sell-on and distribute produce to final and intermediate consumers and take some of this burden off producers
- a transport system that minimises vehicle miles, reduces transport costs for producers, and realises significant cost and environmental savings
- a secure base for the development of business initiatives associated with food processing, packaging, marketing and specialist activities (e.g. preparing food for hospitals and schools)
- an increase in employment opportunities, especially for social enterprises, both in the hub and in transport
- a close working partnership between producers, consumers and intermediaries to build trust in food from the hub
- an increase in the amount of local, organic and sustainably produced food consumed in London with consequent gains for the local economy, health and environment.

This vision has guided the work programme since the workshop. More information on the Vision Workshop can be found in the section on Work Package 2.

4. The work packages

The overall programme of work has been divided into eight work packages and these form the core of this report. The work packages are listed in Table 1, below.

Table 1: Work packages
Work package 1: Interviews with key stakeholders
Work package 2: Visioning workshop with wider stakeholder group
Work package 3: Good practice case studies
Work package 4: Analysis of food access and social inclusion issues
Work package 5: Farmer survey (see note, below)
Work package 6: Development framework
Work package 7: Building on success and developing capacity
Work package 8: Recommendations

Note on work package 5: Farmer Survey
In May 2005, Eco-Logica devised a survey form for farmers, requesting broadly three types of feedback: what do farmers produce when; what potential was there for increasing production; and would a food hub and/or brokered marketing service be useful?

The survey was tested with a commercial farmer, a food and farming consultant and an economist at the University of Kent. It was then posted on the Sustain website and very widely advertised to attract responses on-line. Printed forms were not sent to farmers, in order to save costs and paper, and because farmers were having to grapple at that time with new agricultural subsidy forms.
The on-line survey was advertised via interviews in relevant magazines - Farmers' Weekly (twice), South East Farmer, Netherfield Centre magazine (Sussex), and through the networks of the Soil Association and the South East and East Anglian offices of the National Farmers' Union.

Despite this wide coverage, less than 30 farmers responded. We can guess that new farm payment paperwork and preparations for summer jobs may have been pressing tasks for farmers at that time. Of the responses that we did receive, all said that a London Sustainable Food Hub would be useful. In July, discussions with a Kentish farmer network resulted in agreements to arrange several regional meetings with farming groups near London to examine this report and to identify farmer networks to supply to the London Sustainable Food Hub and explore efficient distribution. Once key stakeholders have responded to the recommendations in this report, these meetings can be arranged.

A 2004 report for Sustain by Westley Consulting[32] sought to explore the barriers faced by regional producers in getting their food to London. These were outlined, broadly, as 'infrastructure, information, organisation, management standards and efficiency, perceptions both of London and of the public sector, and Government bureaucracy. Larger suppliers can probably cope with most of the barriers identified. Small and medium-sized producers may have more difficulty overcoming such barriers. As well as overcoming barriers, there is a need to facilitate supply, particularly by establishing new infrastructure for distribution.'

As an important component of facilitating supply, it will be vital for producer collaboration to be brokered. Given the already stated concern around the efficiency and environmental issues related to the 'little white van' approach to local food distribution, the ambition for the Food Hub is that producers/suppliers would collaborate in their locality, via existing or new co-ops or enterprises, and then arrange delivery to the Hub, and that existing suppliers with establish markets in London may find local food a new and profitable opportunity.

Work package 1: Interviews with stakeholders

Key stakeholders were interviewed at the start of the project (January 2005) to get a steer from those most closely involved with the development of food sector improvements, and to alert researchers to any pitfalls and to productive lines of inquiry. The interviewees are listed in Table 2, below.

Table 2: Stakeholder interviews, January 2005

Name	**Sector/area**
Mike Brook, Economic Development Officer	Local Authority (London Borough of Wandsworth)
Mike Duckett, Catering Manager at the Royal Brompton Hospital, London	NHS Catering
Clare Pritchard*, Greenwich Co-operative Development Agency	Community food and health network
Mamun Rashid, Sales Director, Organic India Ltd.	Manufacturing
Eric Samuel*, Community Food Enterprise	Community food access and distribution
David Smith*, (Independent Retailers Confederation)	Retailing

** Also a member of the Mayor of London's food policy board (London Food)*

The interviews were wide ranging with some diversity of opinion but the following key themes emerged.

- There was general support for some kind of physical development that can assist producers to sell their products to the London market for local and organic food.
- There was support for the regeneration and job creation potential of this kind of activity.
- There was some doubt about the 'full monty', i.e. a new centre that can do everything in one place and from the start.
- There is a need to keep food standards and regulations very clearly in mind
- Working with existing initiatives is very important (to build on what is already there).
- New Covent Garden is too far away for many, and access is via congested roads, so initial options to locate a food hub there have not been pursued.
- Ideally and eventually, more than one sustainable food hub could be needed, so that the whole of London could be supplied
- Any such centre should support social enterprise, disadvantaged groups, local people and alleviation of problems associated with 'food deserts' - areas with poor retail provision of healthy and affordable food.

Differences emerged on the subject of using existing wholesale markets and on the choice of any one market. The position taken in this report is that more work needs to be done to resolve such issues, especially in the light of the review process into London's wholesale markets. Consultants were appointed in June 2005 to advise on the future of New Covent Garden and its Nine Elms site, and this work is not yet complete. An earlier report from the Select Committee on Agriculture, on the future of wholesale markets in London,[33] is still under discussion.

The recommendations in the select committee's report, that Billingsgate and Smithfield wholesale markets be closed and market functions consolidated on three 'composite markets' will have an impact on the detailed planning of any new food infrastructure development in London. A ministerial statement which followed it in 2004 concluded:

> *"[Wholesale] markets perform an important but reduced function in the distribution of perishable foods. In order to meet the changing needs of the market, and especially of the catering supply trade, the existing markets should be consolidated to provide three composite markets each providing facilities for the sale of fruit & vegetables; meat, and fish, so allowing catering customers to meet all their needs in one market. New Covent Garden Market at Nine Elms should provide a particular service to the central London catering trade and should develop its facilities accordingly. The other two consolidated markets should be New Spitalfields Market in East London and Western International Market, near Heathrow.'* [34]

Our interviewees indicated that traders in wholesale markets are not generally motivated by considerations of provenance or sustainability. The experiences of food poverty alleviation schemes and sustainable public sector food projects (such as the various successful East London food access groups and Sustain's hospital food project - see below- working to integrate more sustainable food supplies into public-sector catering) show that primary considerations tend to be availability, reliability of supply, and price. Interviewees indicated that a London Sustainable Food Hub could provide a better service to currently under-supported markets, and improve existing market opportunities for local and sustainable food. Interviewees also reflected on advantages in selecting a new site, adopting new concepts of management, and the benefits of integrating the operation into regeneration areas (especially those experiencing food poverty) in East London. We return to these themes in our conclusions. The main inference to be drawn from the interviews is that the concept of a new London Sustainable Food Hub is very strongly supported. There is general agreement that there is a gap in the supply chain that needs to be filled by a development of this kind; but also that care should be taken to build on existing projects and initiatives. A 'new broom' approach would be very counter-productive and would fail to capitalise on detailed local knowledge, goodwill and existing successful trading relationships.

Work package 2: The visioning workshop

The workshop was held on 9 February, 2005, at the King's Fund Centre. Over 40 people attended and a full report of discussions can be found online.[35]

The workshop divided into three groups and considered specific issues in more detail.

Workshop 1: Information systems
Workshop 2: The food hub itself
Workshop 3: Logistics

Key points that emerged, and which informed subsequent work, were as follows:

- The importance of **traceability and accreditation/certification.** This recognises the importance of food safety and public confidence in food and is an area where local and organic food can score highly in public perceptions.
- Important links with the London Plan on **social enterprise, food access** and **reducing traffic.** Food growing and the associated supply chain and logistic systems offer a huge potential for more economic activity, more jobs and more jobs that 'stick' in the local area. This meshes very well with other strategies and we should seek synergy across strategies and sectors.
- The need to involve farmers and link project work with the wider objectives of **supporting farmers and food production** (even if the Common Agricultural Policy, at European level, goes in a different direction). There are serious concerns about the future of farming and about the possibility of farmers and growers withdrawing from production and opting into 'countryside asset management' or some form of environmental set-aside. This will reduce the supply of UK and local food and this is not consistent with sustainable development objectives.
- The need to **consider retailing at the food centre.** This is part of a bigger debate about what could take place at a 'London Sustainable Food Hub'. Retailing offers the possibility of reaching a wider market than a traditional wholesale market, although it would also involve higher costs.
- **Local and organic food** should be equally supported and promoted. Both are important and both can be mutually supportive, though physical separation and handling will be needed to protect the integrity of organic foods. Certification and traceability requirements would need to be built in from the start.
- The food hub should be **viable as a business proposition and not dependent on long-term subsidy.** It is the clear intention to set up a solid business venture that can support its own activities without revenue support.
- The food hub should **encourage information exchange.** Minimum requirements include a database, some kind of virtual market place and extensive web-based access to information on what is available and when so that purchasers can have more confidence in a switch to local and/or organic food.
- Local food should be marketed to a wider audience. There is a potentially large market for local food (see case studies, below). Developing this market needs a clear **brand image, marketing strategy, cost control and high quality logistics.**
- For the food hub, the **primary function should be marketing.** Marketing will be crucial to the success of the project.

- **Logistics and supply chain management** are crucial but it is important to get supply and demand sorted out, and then the logistics. Currently there are inefficiencies and excessive costs in the supply chain system. Stripping out these costs would produce multiple benefits including lower prices for food and reduced food miles.
- **Four food hubs** seems an optimal (though possibly idealistic and expensive) set-up. In a theoretical model of supplying the London market and receiving produce from surrounding counties there is a powerful logic in adopting a 'quadrant approach' with one Sustainable Food Hub in each of the four quadrants (NW, SW, NE, SE).
- **River transport** is an attractive option. It could be utilised to good effect, capitalising on its low environmental impact (depending on the fuel used). This requires more research around opportunities for trading with European and other sustainable food networks. It may offer opportunities for fair-trade certification groups to expand their range, and has significant parallels to the way that waterside bonded wine warehouses currently operate, serving several commercial clients of varying size.
- It would be important at the very outset to decide on a **clear identity for London's Sustainable Food Hub.** This is linked to who runs/owns the operation, and needs further exploration.

Work package 3: Good practice

There are many examples around the world of effective local food supply systems. Four of these were explored in the research for this report, to draw out lessons for the development of one or more Sustainable Food Hubs for London. They are listed below.

1. Booths regional supermarkets in Preston, Lancashire, UK.
2. Pro-Local local supply systems supported by the Austrian government, Bad Goisern, Austria.
3. Farmers' Own, a local supply system in Stockholm, Sweden.
4. Uni-Coop Firenze, Tuscany, one of the largest co-operative networks in Italy.

(Note: Factors most relevant to the development of a London Sustainable Food Hub, are highlighted in bold in the following text.)

Booths regional supermarkets, Preston, Lancashire

The regional supermarket chain Booths has developed a **network of local suppliers** throughout Cumbria, Cheshire and Lancashire who supply products to the Booths **regional distribution centre** (RDC) near Preston, for onward shipment to one of 25 supermarkets in the same region of northwest England.

One of the key factors underpinning Booths' long-term success is that it operates a system of **advice and support for producers to encourage quality and stability** and, where appropriate, to increase the amount of produce supplied. It is significant in Booths that **buyers are encouraged to become specialists within one produce category** (such as meat, wine or cheese), thus developing their expertise and personal relationship with suppliers. In national retailers, it is more usual for supermarket buyers to move frequently between product categories, undermining opportunities to build long-term relationships, understanding of the sector, and opportunities to work together to overcome supply and logistical problems, for mutual benefit.

Booths employ a system of provenance when buying from food suppliers, which has five dimensions. Making locality only one of these dimensions encourages the **collection of qualitative information about the food to be marketed.** The dimensions are listed below:

- How is it produced?
- Who produced it?
- From what ingredients is it made?
- When was it made?
- Where was it made?

Booth's stores are usually in small market towns and customers generally tend to be older and more affluent than the customers of most national competitors. Booths staff feel that customers are interested in local foods and feel that there is a **perception of a correlation between value and integrity of local food** in the minds of shoppers.

The provenance concept has been developed into a new restaurant-cum-retail facility in Kendal (Cumbria), which **provides a showcase for local food** and is being developed as a centre for the promotion of northern cheeses. This facility - known as the 'Artisan Restaurant'.[36] - will enable local suppliers of food products who do not supply supermarkets to use a supermarket facility to promote their produce and operate a retail sale business. More details on Booths RDC are outlined in the development framework in Section 5.

Pro-Local, Bad Goisern, Austria

This is a project initiated by local authorities in Bad Goisern, Austria, to encourage an **increase in local consumption of local food.** Details of the scheme have been posted on the United Nations Division for Sustainable Development web-site[37]. It is strongly recommended that funding for a research trip by public sector catering managers and best value auditors should be sought as planning for a London Sustainable Food Hub develops. Pro-Local objectives were to:

- **reduce transport** in the area
- **add value to the local economy**
- **create a distinctive local/regional identity.**

The project started in 1995 and has spread to over 50 municipalities. It is based on the principle of an **integrated supply network linking producers, purchasers, schools, hospitals, retail outlets and individuals.** It incorporates a **strong brand concept** so that the idea of local food is well known, recognisable and conveys a strong association of trustworthiness (note that there are many similarities here with the approach adopted by Booths, described above), supporting the local community and improving the environment.

Pro-Local also works to **identify product shortages and gaps in the market** and then provides practical **support to enterprises and individuals who can fill them.** It has a clear local economic development dimension.

Farmers' Own, Stockholm, Sweden

The Stockholm Farmers' Own project will be fully functional by November 2005 and will be extended to Malmö in southern Sweden thereafter. It was established in 2000, creating the first Swedish farmers' market. As more farmers' markets were established throughout the country, Farmers Own developed its web-based marketing and distribution system through discussions with farmers, distribution companies, politicians, restaurants and other potential partners. The web-based marketing and distribution system was promoted among local authorities and farmers and by 2004 a database of 180 suppliers was set up giving details of product, price, locations, seasonality etc. Trial ordering from about 40 of these farmers to a newly established farmers' market restaurant is currently underway, along with the creation of a user manual and invoicing system, and the development of contracts with distribution partners. The trial scheme was officially launched on 14th September and plans to expand distribution to local customers should be realised in the autumn of 2005.

The Swedish initiative will have cost (up to May 2005) approximately 8 million Swedish Kroner to develop (£585,000 - note: £1 = approx. 13.7 SEK) with particular focus on the web marketing since 2003. This includes the original research, recruiting farmers, creating a questionnaire for producers, creating education films of successful local food projects, a training manual, managing the system for a year, and running the system itself. The creation of the system has involved co-operation between a large number of organisations in Sweden.

Summary of the business
Farmers' Own is based on the following three principles:[38]

- Reconnecting consumer and producer.
- The freshness and diversity of local food.
- The authenticity of production and processing of local food.

The aim is for Farmers' Own to become a **national and internationally recognisable brand** returning more power to farmers, independent retailers and consumers. This will be achieved through **co-operative ownership of the business** by the three stakeholder groups. The brand will be run and developed by professionals that can **co-ordinate a large number of diverse local food projects,** to encourage coherence, unity, strength and resilience.

The Farmers' Own Business has the following main components.

- **Nationally recognised and controlled brand** backed up by:
  - nationally co-ordinated PR campaigns
  - a clear definition of local, and **accreditation system for the origin of products.**
- **City focused marketing and distribution systems** made possible by:
  - a **web-based supply chain management (marketing and distribution) system**
  - local PR campaigns
  - dedicated shelf space in retail outlets that are 'loyal' to locally produced food
  - **identifiable products in restaurants and school catering.**
- Professional and highly responsive system for managing the brand.
  - National team managing the brand and developing new business opportunities.
  - Local managers guided by local reference groups of producers and retailers.
  - **Brand ownership held by a multi-stakeholder co-operative** with producers' security assured.

Future development of the business will be focused on main urban markets and will increase the market for local foods from niche to mainstream through **collaboration between rural producers and existing rural and urban local food projects.**

How Farmers' Own works
Farmers' Own suggests that local food producers, particularly farmers, can offer distinct marketing advantages - offering fresh, authentic, diverse and trustworthy food. However, a coordination and marketing strategy is supplied by Farmers Own with the following key elements:

- The first element of this strategy is a *brand* to give coherence and vision to local producers, businesses and organisations, to help achieve distribution efficiency, and to help communication of key advantages of local and sustainably produced food.
- The second element is *supply chain management* to help local food producers match production to the most profitable sales options. A web-based supply chain management helps link farmers directly to a variety of buyers, to make the most of freshness and product diversity, and to facilitate increased efficiency in distribution infrastructure to supply a range of retail outlets, home delivery services and restaurants.
- The third element is *solving distribution problems* for local producers who currently control neither retail outlets nor distribution. Farmers' Own has helped to create a number of projects supplying alternative distribution and product outlets, such as farmers' markets or box deliveries.

Ecologica contacted the (English) co-ordinator of Farmers' Own and we are able to offer detailed costed proposals for a Farmers' Own-led transference of the scheme to London, if and when required.

Unico-op, Firenze, Tuscany, Italy

This case study is based on *Unicoop Firenze,* a regional (Tuscan) division of the supermarket chain *Co-op Italia.* This business is a co-operative in name and nature, just as is our own Co-operative in the UK. Details outlined below have been partly taken from a report by Vorley *et al* (2005),[39] which addresses the subject of **supermarkets embracing local supply as a key component of their business plans.** The report was informed by a research visit to Florence in February 2005 attended by key UK partners, including Sustain.

The significance of the Tuscan Co-op example lies in a supermarket chain attempting to embrace local supply opportunities, within a **very supportive regional government context of strategic and financial support for developing markets, and supply chains for local and locally distinctive products.** There are points of similarity in this case study with the UK's Booths regional supermarkets (see above), but there is no equivalent system of direct regional and national financial support for local producers in the UK. The idea of regional identity that underpins a distinctive Tuscan approach to food and food quality is familiar in the UK. This **regional food distinctiveness** is part of the Booths marketing strategy and figures significantly in initiatives such as the Somerset Food Links project, the Somerset Centre for Local Food,[40] and marketing strategies of mainstream retailers such as Waitrose and, increasingly, Asda.

However, the Tuscan approach is very vigorous, with significant regional government investment from the agency ARSIA (the agency for research and innovation in agriculture and forestry) being invested in the cataloguing, production and marketability of up to 400 out of over 600 identified traditional Tuscan foods.

Co-op Italia

Co-op Italia, a consumers' co-operative, is the biggest Italian retail company, with 1,320 stores and 39,000 employees. It was established in 1967 as the result of a process of concentration and modernisation of all Italian consumers' co-operatives. In 1975, **a shift from centralised management to a decentralised system** allowed better service and efficiency at store level. Since then, the *Co-op* has achieved and maintained a lead position in the retail system through the creation of hypermarkets, the increasing marketing of *Co-op* own-label products (now 20% of products), and better integration between selling and purchasing policy.

Coop Italia's stated mission is "price leadership, quality and food safety", with the needs and rights of consumers remaining central. But it is also developing its support for sustainable and ethical production and safeguards for the environment. *Coop Italia* was the first co-op in Europe to achieve SA8000 certification, the international auditing system for social accountability, including labour rights.

As the national consortium, *Co-op Italia* plays a key role for the marketing policy of the whole *Co-op*system. *Co-op Italia* **deals with contracts with national-level suppliers such as Unilever.** The

Co-op Italia system works through local consortia, called districts, located in the Centre-North Italy: the North West district; the Adriatic district; and the Tirrenico district.

Management of local supplies (around 10% of produce) is the responsibility of local consortia. The *Co-op* is working on a restructuring proposal that would introduce an **intermediate level of procurement for 'district level' supplies,** which would account for approximately 20% of supplies.

Currently, around 90% of bakery is locally supplied, and local procurement is also quite high for meat and cheese, as well as fresh fruits and vegetables in season.

Unico-op Firenze

Unico-op Firenze was set up in 1891 in Florence. After a long merging process among Tuscan co-operatives it has become the biggest retail company, with 1 million members and more than 100 stores. Two out of every three families have a member. *Unico-op Firenze* has a 25% market share for food in the region and is the largest member partner of *Co-op Italia.*

During recent years, *Unico-op Firenze* has favoured the economic development of rural areas of Tuscany through **key agreements with local institutions** (Regional Government of Tuscany, producers' associations and handicraftsmen). In 1998, for example, it stipulated an agreement with the organic producers' association, which allowed it to double the sales of organic products. In 1999, it stipulated another agreement with ARSIA in order to **enhance the sales of locally typical products.** Of Unico-op Firenze's £888 sales, 18.2% of products come from inside Tuscany.

Unico-op Firenze has developed **guidelines for local suppliers.** About six years ago, the *Co-op* noted a shift in demand towards preference for quality and locality. To fulfil this demand, the *Co-op* developed a strategy for promoting local food that **avoided creating very expensive niche** products. This is based on the level of effort required to develop the products, and opportunities for those products in the Tuscan market.

The **'priority area' for local suppliers includes some highly competitive sectors such as wine.** Fruits and vegetables and meat are an 'area of investment' and therefore of quite high interest in *Unico-op Firenze's* strategy.

The Tuscan products are bought from 302 producers, 61 of whom contribute two-thirds of value. This has led *Unico-op Firenze* to **concentrate its effort on a limited number of suppliers within its local procurement strategy.** Priority of local suppliers is also based on the value of the supplier to *Unico-op Firenze,* and their turnover in the product sector. Suppliers are divided into three groups on the basis of value and bearing on *Unico-op Firenze* sales.

- Those *'strategic suppliers'* (Class A) are singled out for special treatment: *Unico-op Firenze* will try to get exclusive supply, will share promotional costs, and *Co-op* staff will be given incentives to connect with these suppliers.
- For *'ordinary suppliers'* (Class B), there is a different kind of partnership - they are treated as simple suppliers, with no promotional effort. They will be developed if there are possibilities to increase their value - either reducing purchase costs or improving quality.
- For *'marginal suppliers'* (Class C), *Unico-op Firenze* will aim to reduce the number of suppliers, and minimise the transaction costs of dealing with them.

Unico-op Firenze's Strategic Marketing Manager noted that they have a problem of conflicting priorities arising from the rationalisation of *Unicoop Firenze's* suppliers set against the maintenance of diversity (genetic diversity, artisanship, etc.). The primary requirement is quality and safety - the *Co-op's* standards are stricter than the legal minimum. The *Co-op's* code of practice creates **high costs of certification** and market entry, which may put off some producers.

Local produce is marketed via newspapers to members, publicity, brochures and shelf differentiation at point of sale. At one time there was a plan to identify the origin of all products (including non-food) but problems arose, and the plan was stopped. Success is measured in the increase in sales volume of local produce (which have met the target of a 5-10% increase).

Work package 4: Accessibility and social inclusion

It is now widely recognised that people consuming a diet rich in wholegrain foods, fruits and vegetables, with moderate amounts of fish, lean meat and dairy foods, are more likely to enjoy good health, and less likely to suffer from conditions such as heart disease and certain cancers. However, surveys show that people living on low incomes eat significantly less fruit and vegetables than people on higher incomes.[41] This is attributed to both individual factors (e.g. lack of cooking skills and knowledge; lack of storage and cooking facilities for fresh food) and to environmental factors (e.g. lack of money; lack of availability of fresh foods locally; poor transport; and physical barriers to making everyday journeys to shops).

Neighbourhood food shops

Areas in which there are few or no shops selling fresh wholesome food are sometimes described as 'food deserts'. The analogy of a 'desert' describes an area in which the provision of fresh food has 'dried up' - most food retailers have moved away and shops such as greengrocers and fishmongers have closed. As the London Health Strategy acknowledges, *'In many poorer neighbourhoods it is very hard to obtain the fresh fruit and vegetables recommended as part of a healthy diet - only less healthy, processed foods are easily available.'*[42]

Food deserts usually result from economic and social factors, with neighbourhood retailers failing to flourish in areas experiencing economic decline and rising crime rates. Large retailers (supermarkets) prefer larger and more profitable sites. However, these tend to favour car-owning customers and those with a stable income (i.e. those having the budget, personal mobility and transport to purchase large shopping loads in a single lengthy trip) rather than lower-income shoppers.[43] Older low-income residents, for instance, find it difficult to benefit from the offers that appear to make supermarkets a good deal for low-income customers, e.g. bulk buys and two-for one offers. A cycle of deprivation sets in, exacerbating health inequalities.

The experience of poor access to healthy and affordable food provision was well summarised in a recent consultation event, conducted for the LDA, to support the development of guidelines for London planners to address food access problems. Claire Pritchard, from Greenwich Co-operative Development Agency, explained: "In one estate in Greenwich all the shops have closed down and are shuttered. There was one shop, and it's just shut down so there's nothing there. This is an estate with 6,000 residents. In another area, the nearest shop is two bus rides away." [44]

Over the past three years, to address such problems, various health and regeneration funds have tried to encourage improvements in food access in poorer areas of London, including '5-A-Day' and New Deal for Communities. In support of such work, the over-arching theme for regeneration in the London Plan is *'to ensure that no-one is seriously disadvantaged by where they live within 10-20 years'*.

As has been noted in draft guidance, several London borough Unitary Development Policies already highlight the need for practical support for businesses and projects seeking to improve access to healthy and affordable food in low-income areas. Such support might include provision of premises, business support, training, grants for shop improvements, practical management advice to independent shopkeepers, and support from enterprise agencies. Many of these support

roles and structures could be facilitated by a specialist London Sustainable Food Hub.
It is also recognised that structured support for neighbourhood food retail could help to reverse the problems faced in poor areas. As the King's Fund has noted: "The result of a loss of local services is emptying streets - an indicator of a local economy in decline. When the number of local retail outlets falls below a critical mass, the quantity of money circulating in a local economy will plummet, as people find no point trying to do a full shop with an impoverished range of local outlets."[45]

Research background

Access to local shops and the role of shops in supporting healthy communities and the quality of food available have been recognised by the government's social exclusion unit (SEU) as an important policy issue.[46] This SEU report identifies a clear need to support local shops and to do this through local retail strategies that identify practical ways of increasing the use of these shops and of slowing down and then halting the closure of these shops (the total number declined by 40% in the period 1986-1997). There is very little evidence that these policy proposals have produced effective action since the publication of the report in 1999. The decline of independent retailing continues and other problems are experienced as a result of the government-approved process of closing 3,000 post offices, many of which also sold basic groceries.

Access to good local provision of healthy food is considered to be a key determinant of a healthy lifestyle and strong local communities. This is well documented in the work of Tim Lang, at City University,[47] among others. In a publication for the think-tank Demos, Lang[48] advocates 'injecting a new social dimension into the food supply chain'. This will involve 're-localising' the food supply chain and improving access' which is entirely complimentary to the vision for a London Sustainable Food Hub.

Most analysis of food access problems on a borough or regional basis starts with some sort of mapping process. Sustain undertook some pioneering community mapping work with several low income estates in England.[49] New techniques for this process continue to emerge, with a recent food access mapping project in Staffordshire evaluated and promoted by the National Consumer Council.[50] This utilises sophisticated Geographical Information Systems (GIS) to overlay census data, with information about the location and quality of food shops, and other demographic and local data such as the percentage of lone-pensioner households; provision of public transport; and percentage of households living on a low income. Such an approach helps local authorities to identify areas, streets and households likely to be at high risk of food access problems.

Such analysis has also been undertaken in several areas of London including, most recently, Brent and Newham. Ealing also has a history of such analysis. In 2002, Anna White of Ealing's Planning Department[51] mapped 94 shopping centres and found that nearly a third had no fresh fruit or vegetables on offer - a significant deficit in food provision likely to have an impact on health in those areas.

Such mapping work highlights several policy implications.

- It is possible to identify precisely where the food deserts are and to cross-link this with indices of multiple deprivation. These locations can then be used as a first stage in a screening process for the location of any food-hub type premises recommended as part of a strategy to increase the consumption of local and sustainably produced food in London.
- Detailed mapping, based on shared London-wide data, and utilising GIS technology, could be replicated in all London boroughs where there is evidence of food deserts and/or deprivation. This would help to identify 'border possibilities', i.e. locations for new food supply infrastructure that can serve more than one borough.
- The development of food supply infrastructure could encompass options of serving the consumer directly, either from the premises or from partnership arrangements with local shops.

The mapping processes briefly described have underscored the importance of engaging with local residents and businesses at an early stage to create food supply infrastructure to facilitate the provision of healthy and affordable food in deprived areas of London. The challenge is great, and will require the ingenuity, passion and persistence demonstrated by the founders of milestone projects such as Community Food Enterprise in Newham, and the Greenwich Co-operative Development Agency.

Work package 5: London Sustainable Food Hub - framework for developing a business plan

The business concept is now clear, and has emerged from the Vision Workshop; telephone discussions with key stakeholders; the survey of international good practice; the literature review, and discussions with individual growers and producers. This business concept is clarified in the section on recommendations but its basic elements are outlined below.

- The creation of a London Sustainable Food Hub in one location in the first instance.
- A location for this Hub in an area where it can make a contribution to improving access to healthy and affordable food for deprived communities and tap into underserved or underexploited markets.
- A location where sustainable transport networks can be used, such as river transport;
- A location where the food hub can make a contribution to regeneration initiatives and obtain economic development funds.
- A clear strategy for branding, marketing, information exchange and collaboration between all producers and consumers.

The location that appears most closely to meet this template, is in the London borough of Barking and Dagenham at one of two possible locations:

Barking Riverside (between the A13 and the River)[52]
Dagenham Dock Sustainable Industrial Park[53]

These basic elements are now explored in terms of the likely costs and how easily they can be provided. There are some uncertainties attached to this exploration, in that precise locational details of the proposed London Sustainable Food Hub cannot be fixed at this point in time and, more importantly, there is a need to go back to the key stakeholders and expose the conclusions of this report to critical examination by those already in the food production, supply and distribution business. Nevertheless, we can flesh out some of the costings that would form the basics of a business plan.

Business models

The kind of business model envisaged for the London Sustainable Food Hub already exists in a range of activities and locations and some examples are presented here. In this section we review a number of businesses that have a close correspondence with the Food Hub that we propose. The business models are:

1. Furniture Matters, Morecambe, Lancashire.
2. Somerset Centre for Local Food, Ilminster, Somerset.
3. Booths supermarkets of Preston, Lancashire.
4. The Bridport Local Food Centre, Dorset.

Furniture Matters, Morecambe, Lancashire

This is a company limited by guarantee with 23 staff and 60 volunteers and it runs a delivery and collection service, based around three vehicles, for unwanted furniture, partly filled paint cans, bicycles and electrical appliances. It runs three warehouses and gains support from European social funds and other funds to pay for the recruitment, training and salaries of staff.[54]

Table 3: Cost profile - Furniture Matters, Morecambe, Lancashire	
Rental for 24,000 square feet of warehouse space = 2,160 square metres	£12,000
Business rates	Not known
Building insurance	£2,000
Products, employee and contents insurance	£3,000
Staff costs (paid and volunteer), including National Insurance and other employer costs	£150,000
Vehicle leasing (assume 3 transit / VW Transporter; 3 x £250 per month = £750 per month)	£9,000
Total	**176,000**

This cost profile excludes capital costs / setting-up costs which would in any case not be comparable between a furniture operation and a food storage/preparation/distribution operation

It is clear from the Morecambe example that a sizeable warehousing operation with a significant economic impact can be run for around £180,000 per year (including vehicles and staff). This figure would have to be adjusted for the London property market and London staff costs. It would be prudent to adjust the Morecambe figure upwards by a factor of 2.5 - 3.0.

Somerset Centre for Local Food, Ilminster, Somerset

The Somerset Centre for Local Food at Barrington Court, Ilminster is described by Somerset Food Link[55] as "a place where local food and drink are celebrated and promoted, which provides workspace or small food and drink businesses, where education and training can take place, and which has a local food café and shop…all under one roof".

Somerset Food Links was set up in 1999 to help develop a thriving local trade in locally produced food. It has the backing of a wide variety of organisations in the local community. Somerset Food Links' key aims are to:

- help producers sell more of their produce locally
- raise awareness of the benefits of locally produced food
- help consumers find ways to buy locally produced food.

Over the past four years, Somerset Food Links has provided business advice, training and grants to farmers and other producers to help them develop their food businesses.

Somerset Food Links was the prime mover in setting up farmers' markets in Somerset. More recently, it has supported a direct delivery service for local food and drink - Somerset Farmers' Market Direct, as helping people obtain fresh, affordable food is another objective. Somerset Food Links is working with community groups in urban areas such as Yeovil and Chard to help them set up consumer co-operatives that spread the cost of buying fruit and vegetables.[56]

The Somerset Centre for Local Food plans to start operations from Spring 2007 with 3,000 square feet of workspace for food businesses and a range of other facilities including a café and shop, visitor centre and training facilities. Its development budget in 2004/05 is £25,000 and in 2005/6, £30,000. Its projected revenue is shown in Table 4.

Table 4: Somerset Centre for Local Food - projected revenue

	Income	Expenditure	Gross margin
2006/2007	£26,857	£24,238	£2,619
2007/2008	£71,620	£52,394	£19,226
2008/2009	£73,630	£53,371	£20,259

Figures supplied by Somerset Food Links www.foodlinks.org.uk

The Somerset Centre for Local Food is already achieving a great deal on very low levels of income and expenditure and has demonstrated that the scale of funding needed to support a food centre can be very modest.

Booths supermarkets, Preston, Lancashire

Booths supermarket chain is a very large-scale operation compared with any of the other business models considered so far, and yet it is still small when compared with the big national supermarket chains. What is remarkable about Booths is that 25% of the products sold are bought from local suppliers, which in this case broadly means from within the four counties in which Booths operate - Cheshire, Lancashire, Yorkshire and Cumbria.[57]

Booths has 26 stores with an average store size of 15,000 square feet and has £160 million annual turnover. Its warehousing costs are £2.26 million per year (rent, utilities and overheads); its employment costs are £1.9 million per year and the vehicle fleet serving all 26 stores on a daily basis costs £1 million per year.

The Bridport Local Food Centre, Dorset

Opened in 2004 by the Dorset Food and Land Trust,[58] the centre, the first of its kind in the UK, provides businesses with access to:

- workspace, including a commercial kitchen, distribution depot and office space
- business support and training in areas such as diversification, direct marketing and producer cooperation
- food business incubation support
- technical support, such as product development and food hygiene training
- finance, in partnership with the Wessex Reinvestment Trust.[59]

The 4,000 sq ft centre also takes an active role in the community by encouraging local people to learn about growing and cooking food, offering opportunities to volunteer in the community and promoting Bridport's and Dorset's food heritage.

A year before the centre opened it was a semi-redundant rope and net building but was refurbished at a cost of £100,000, including fitting out with £20,000 worth of commercial kitchens, IT equipment, workshops and distribution facilities. Funding came from the South West Regional.

Development Agency (SWRDA), Leader Plus (an EU rural development grant), the New Opportunities Fund and local councils. It is significant that the centre is a community project, rather than a commercial proposition, which allows a wide range of users such as commercial start-up companies and voluntary food groups, for example. SWRDA funding was attracted as the regional food and farming strategy places emphasis on the development of local food chains.

As well as rent income from tenants, the Centre is supported by funding from charitable trusts and the financial target for the centre is limited to recovering its own costs, though meeting the commercial rent is a perennial challenge which a freehold would avoid. Annual rental for the building housing the centre is £18,000 a year but associated running costs such as insurance, services and rates come close to doubling that.

The West Dorset Food and Land Trust uses office space, training rooms and the commercial kitchens themselves and weaves these costs into their core fundraising for associated projects. The projects include:

- a contract with the schools service to train teenagers in food hygiene
- a trading subsidiary, Local Food Links Ltd, making fruit deliveries to local primary schools as part of the free fruit scheme (using volunteers and parents)
- Local Food Links Ltd preparing and delivering soup, bread rolls and flapjacks for local primary schools (which have no kitchens).

The centre has been pioneering and has inspired other local food networks, such as neighbouring Somerset Food Links (see above). In hindsight Trust staff would wish for a more accessible location (the centre is in the middle of Bridport down a narrow lane), and a more suitable building with a freehold.

A note on organic certification

There would be some costs (and strict technical considerations relating to maintaining the integrity of organic food) associated the handling, storage and processing of certified organic produce at the London Food Hub. The Soil Association applies some fixed costs such as for registration and inspection and levies a proportion of annual trading sales, for example, 0.3% for sales up to the first £2 million (up to £6,000). With fixed and proportionate costs, first year organic certification costs for the hub may be slightly under £7,000 including VAT.

What would a London Sustainable Food Hub cost?

We have now reviewed a number of business models. These range from a social enterprise in the North of England with 24,000 square feet of warehouse space and approximately 25 staff and up to 60 volunteers; to a regional supermarket using a large Regional Distribution Centre to serve 26 stores with a large, modern fleet of 44-tonne HGVs.

The warehouse-based social enterprise has annual costs of approximately £200,000, and the supermarket/Regional Distribution Centre/logistic operation has annual costs of approximately £5 million.

Our recommendations are twin-track. We make several recommendations.

Recommendation A

The establishment of a physical London Sustainable Food Hub in East London on a social enterprise model, with a range of facilities for food industries, including collection, storage, distribution, education and training, marketing and publicity. These are detailed in work package 7 (recommendations), below. Based on the north of England social-enterprise model and adjusted for cost differentials between a very low cost area and east London, we estimate that this facility would cost £600,000 per year. This does not include logistics, which cannot be costed at this stage but should not be more than 20% of £600,000.

Recommendation B

A package of supporting measures detailed in work package 7 (recommendations), below, all of which are aimed at creating a brand image, a database, marketing, publicity and assistance to growers and producers. This is costed at £300,000 per year.

Table 5, below, summarises the projected annual costs associated with a London Sustainable Food Hub. With an approximate 10% contingency factor we are recommending that £1.12 million per year for three years, a total of £3.36 million, is a realistic amount to launch a significant initiative to bring about a significant change in the amount of local/organic food consumed in London.

Table 5: Summary of annual costs associated with a London Sustainable Food Hub

	Key characteristics	Indicative costs
A1	A building / warehouse facility based on the Regional Distribution Centre concept	£600,000 per year for 3 years (see Note 1)
A2	Logistic component	20% of £600,000 = £120,000
A3	Organic processor certification costs	£7,000
B	Supporting measures	£300,000 per year for 3 years (see Note 2)
	Sub-total	£1,027,000
	Contingency @ 10%	£102,700
	Grand total	**£1,129,700**
	Three-year total	**£3,389,100**

Note 1: This estimate is based on discussions with Furniture Matters and on a three-fold multiplier factor to take into account cost differentials between a relatively low-cost area and London. Logistic costs have been excluded.

Note 2: This estimate is based on detailed discussions with Farmers' Own in Sweden.

Grant Aid for site acquisition and Food Hub development

This is a complex area but the LDA offers a comprehensive service. Particularly useful to this report is a publication on brownfield sites that includes guidance on areas likely to be eligible for specific assistance linked to disadvantage.[60] The areas eligible for special assistance with grants and loans include parts of the London Boroughs of Enfield, Waltham Forest, Hackney, Tower Hamlets, Newham, Barking & Dagenham, and Havering.

English Partnerships

English Partnerships is very active in the areas that would be identified as likely candidates for the London Sustainable Food Hub project. The full list of development sites is available online[61] and presents several possibilities for this project including Dagenham Docks 'London's Home for environmental industries' and several sites in Canning Town and other areas in the Thames Gateway Region. Thames Gateway sites[62] include:

Barking Riverside
Barking Town Centre Regeneration
Basildon Town Centre Regeneration
Canning Town
Dry Street, Basildon Five Links, Basildon
Gardiners Lane South, Basildon
Greenwich Millennium Village
Greenwich Peninsula
Millennium Dome
Sports Club Orient (SCORE), London.

English Partnerships has not been approached regarding site availability, costs and grant aid but it is clear that there are several synergies that could be utilised here to provide a location for a London Sustainable Food Hub, including river access, sustainable community development and regeneration initiatives.

The Dagenham Dock Sustainable Industries Park, which is now under development, resonates very strongly with the aims and objectives of the Food Hub and could offer considerable co-benefits to be shared between the two projects.[63]

Close scrutiny of planning regulations and compatibilities will be needed once a specification for the Hub has been agreed depending, for example, on whether wholesale and retail are allowed from the same premises, and the proximity of the building to residential areas, which may restrict unsocial delivery times to and from the Hub.

Work package 6: Building on success and developing capacity

The objectives of this work package are to link with closely related areas of work that have a direct bearing on the development of a Food Hub. The customers for a London Sustainable Food Hub would include schools, hospitals, restaurants, food access projects, local shops and individuals. A great deal of work has already been carried out in other projects on the existence of demand in some of these sectors and on the need for changes in supply and distribution systems, especially those that strip out costs, to help meet that demand. Enough work has been done on schools and hospitals and food access to establish that the demand exists in these sectors but more work needs to be done in other areas (especially restaurants, which could take food not taken by other groups, helping to optimise the range of food used, and possibly using neutral carriers such food access groups for distribution). It should be noted that Sustain has recently gained DEFRA and European funding to develop work on sustainable food supply chains and the ethnic restaurant trade in London.

Schools

The following recommendations have been drawn up in the light of Sustain's experiences of working on an LDA project on sustainable food procurement for London's schools,[64] Sustain's related work on sustainable food procurement for London hospitals; and drawing on responses from a Sustain survey of London's Local Education Authorities (LEAs). In summary, we recommend that the LDA take the following steps.

1. Raise awareness and set the agenda for developing a practical and strategic approach to sustainable food supply in the public sector;
2. Employ a sustainable food procurement team to take the work forward (possibly employed as a component of a London Sustainable Food Hub);
3. Develop (or adapt existing material for) a sustainable food procurement toolkit applicable to each sector (schools, hospitals, care catering etc);
4. Improve the sustainable food supply capacity and infrastructure (e.g. through support for a Food Hub);
5. Influence relevant standards development procedures (such as sustainable farm assurance labeling discussions)
6. Fund a pilot study in one London council to examine the economic impact of sustainable food procurement (as carried out in Northumberland);
7. Advise on the development and provision of training (possibly to be hosted at a Food Hub);
8. Support the development of Best Value Performance Indicators in association with the National Audit Office.
9. Champion the approach, for which foundations were set in place by an LDA-funded project, of helping local authorities to embed sustainability considerations into new catering contracts.

Food procurement arrangements vary considerably between London's boroughs in terms of food provision; contractual requirements; cooking facilities; policy priorities; and the timing of contractual obligations and the re-tendering process.

In boroughs that offer either Direct Service Organisation (DSO) or private company provision, some primary schools agree to all the contract specifications recommended by the LEA; some negotiate specification variations, and others opt out and manage their own service - either in-house or through an individual contract with a private company. In boroughs where no provider is offered, schools either run their own in-house service or contract the service out to a private company.

In some boroughs, secondary schools are included in the borough-wide contracts with DSOs or private companies, whilst in others they are offered a different council provider. In other boroughs, all secondary schools manage their own school meals service independently from the council. There are many aspects to the successful integration of sustainable food into public procurement. It takes time, support and sensitivity to the needs, aspirations, history, organisational structure, staff enthusiasm, expertise and budget of each service provider - not to mention persistence.

Sustain's survey for the LDA also revealed that LEAs have very mixed attitudes to sustainable food procurement. Some responded enthusiastically, and said that they hoped to be able to increase the proportion of sustainable food on their menu. Most seemed to think that some progress on sustainable food procurement was possible in the near-term. Others gave the impression that sustainability considerations were low priority. For the vast majority of LEAs, partly as a result of the 'Jamie Oliver' initiative, the main priority was felt to be improving the nutritional quality of school food. However, even with schools or authorities who are not yet ready to incorporate a fully integrated approach to sustainable food procurement, there are still opportunities here to develop sustainability themes - for instance the freshness of ingredients - which can contribute to achieving both health and sustainability objectives.

Of particular relevance to plans for a London Sustainable Food Hub, the experience of working on the LDA's sustainable food procurement project with schools led Sustain to the conclusion that "This has re-affirmed our opinion that integrating sustainable food into school menus is a long-term process that needs considerable explanation, facilitation, training and continuing support to keep it on track, to build confidence, supplier contacts and expertise, and to give it the status it requires. It also needs high-level backing to set the issue in policy context, and to demonstrate to schools how sustainable food procurement can help them to meet a range of public and educational objectives."

School food: the current policy context

School food has received unprecedented political and media attention in recent months, with the publication of the Department of Health's Public Health White Paper in autumn 2004, TV chef Jamie Oliver's 270,000-name petition to Downing Street for better school meals in March 2005, and inclusion of school food in party manifestos for the General Election in May 2005.

These followed unfavourable reports in 2004 on the nutritional value of school meals, published by the Food Standards Agency (FSA) and Ofsted[65] A Department for Education and Skills (DfES)/FSA report into secondary school meals, also released in 2004, concluded there was 'a failure of the National Nutritional Standards and contract specifications to have a substantial positive influence on food choice'.[66]

In this context, 2005 has seen growing interest in how sustainability considerations could also be included, in the general review of school meal provision. The Sustainable Development Commission has, for instance, commissioned a report on how sustainability benefits could be achieved in tandem with nutritional improvements. This report is due to be completed and brought to a consultative meeting in September 2005.

In March 2005, the government announced[67] that from September 2005 and over the next three years, schools and Local Education Authorities (LEAs) will be supported in transforming school meals. Some of the ways this will be implemented are listed below.

- £15 million to a School Food Trust to give independent support and advice to schools and parents to improve the standard of school meals.
- Tough minimum nutrition standards, becoming mandatory from September 2006.
- Ofsted to review the quality of school meals as part of regular school inspections from September 2005.
- New guidance for schools and LEAs in drawing up catering contracts to ensure healthy school meals services and healthy food in vending machines, tuck shops, or breakfast clubs.
- New or upgraded school kitchen facilities, where fresh produce can be prepared and served, as a priority through current school rebuilding and refurbishment programmes.

As well as policy developments directly relevant to school food, there is also a considerable body of work developing in relation to sustainable procurement and sustainability in the food industry in general, not least of which is the London Food Strategy co-ordinated by the Food Strategy Unit of the London Development Agency.

There are a number of specific case studies where schools or groups of schools have made decisions to adopt local and/or organic food into their catering policies.

> **New Addington Primary School,** London Borough of Croydon. The school buys local meat from a butcher's shop and vegetables direct from the supplier. Pupils have helped to design menus. The school has increased money spent on food to 75p from around 35p per meal. Increased costs were largely met by more diners buying the food (so this scheme has worked fairly well commercially). Results have included a better range of food eaten, more fresh foods, and better concentration and behaviour in class.

> **Grassmere Primary School,** L.B. Hackney. When Hackney Council contracted education out, Grassmere school left the DSO catering contract and hired a caterer in Essex using local suppliers and which ran staff training courses to improve cooking knowledge and ability, including cooking with fresh produce.

> **Yeading Infant School,** L.B. Hillingdon. Runs its service in house and uses local produce.

> **Charles Dickens Primary,** L.B. Southwark. The school opted out of council provision in 2000 and now run the service in house. They have considered the Soil Association *Food For Life* targets[68] and have increased the proportion of dishes prepared from fresh ingredients. The school recently started buying vegetables direct from a supplier in Kent. Fish is bought from a local wholesaler.

Boroughs which have done some work on sustainable food procurement include:

> **Waltham Forest LEA,** where schools try to use local suppliers. They have a DSO and get vegetables from Spitalfields and meat from a supplier in Stratford.

Kensington LEA (contracted out school meal provision) uses organic fruit, vegetables and milk.

In **Tower Hamlets LEA** (direct service provision) a trial has been arranged for organic fruit and salad in one of their schools. They are buying from Langridges organic wholesalers based at New Covent Garden, who also supply Kensington.

The London Hospital Food Project

The London Hospital Food Project aims to increase the amount of local and/or organic food served in four London NHS hospitals (the Royal Brompton (Chelsea), Bethlem Royal (Beckenham), Ealing General, and St George's (Tooting)) to 10% of their routine catering provision. The project attempts both to promote healthy eating by providing fresher food for patients, staff and visitors, and to support farm and food businesses in the South East and London. The project is led by London Food Link in partnership with the Soil Association, and demonstrates the crucial role that specialist food-link facilitators play in helping public sector caterers to consider, and then incorporate, sustainable food into their catering specifications and everyday operations. This learning process will be invaluable to the development of similar programmes for the London Sustainable Food Hub.

Initiatives include training sessions for catering managers, suppliers and dieticians, farm and market visits and tasting sessions. Evaluations are being carried out to assess (i) the increased enjoyment of changes in patient food at one hospital and to what extent this project helps patients understand healthy eating messages and adopt them at home, and (ii) the extent to which this project benefits the rural economy of the south east of England by increasing local supply and analyses the cost to the public purse of pursuing unsustainable catering practices. The project also runs a 'replication network' - a group of professionals involved in sustainable hospital catering from around the country which meets biannually as a mutual learning network. Progress on these hospital projects is summarised in Table 6.

Table 6: The London Hospital Food Project

Hospital	Progress report within the 2-year project
Ealing	No progress
St. George's	Focus on staff and visitor restaurant only. Specialist crisps and local ice-cream
South London & Maudsley Trust	Will meet 10% sustainable food supply target by the end of the project (December 2005). Similar lines to Royal Brompton. Originally started with Bethlem Royal; now extended to Lambeth and Maudsley, and some community mental health facilities.
Royal Brompton	Has exceeded 10% local and/or organic food supplies in 18 months. Organic milk and beef-burgers. Many local lines, especially fruit, eggs, mushrooms and meat

The Royal Brompton Hospital has adapted its routine catering system to include a wide variety of more sustainable local and organic food without any increase in its budget. Each year the government spends around £2 billion on providing food to the public sector, though British farmers receive very little benefit, and nutritional standards are not always high.[69]

In the Royal Brompton Hospital, new menus have been developed which include information on the local and organic food being served. This includes organic milk, organic fruit juices, organic beef, and additive-free burgers and chicken nuggets. Local fruit and vegetables include strawberries, potatoes, rhubarb, and even asparagus (at the height of the season), as well as free-range eggs, and these are being delivered using a bio-diesel powered van from Kent. Some food is even grown in London, for example from an established mushroom grower operating from beneath the North Circular Road.

The catering manager from the Royal Brompton hospital, who was interviewed as a key stakeholder for this report, said that:

> *"One of the reasons for the success of the hospitals has been the development of 'relationship-based supply chains' which enable the hospitals to gain exactly what they need. We encourage a good working relationship and an understanding with our suppliers and particularly the local suppliers. With farmers and organic growers in the south east we aim to work together to increase purchasing.*
>
> *We want to serve food that is not only healthier for our patients but that is also purchased in a more responsible way, such as Fair-trade coffee and free-range eggs. Also, by increasing our use of local suppliers we can help to promote health by providing fresher, seasonal foods for our patients. Our experience is that patients feel better by having good wholesome freshly cooked food on the plate with emphasis on healthier high quality ingredients. This comes across when we meet and talk to the customers."*

Increasing access to healthy and affordable food

Activity to promote access to healthy and affordable food is widespread but often disparate in London, both in terms of projects and policy approaches.

Some areas, such as East London, have been involved in developing food access projects and supply chains for a number of years; the Community Food Enterprise project being probably the best-known example.[70] This supplies dozens of community cafés and school-based food schemes, and it runs a mobile greengrocery shop. Community Food Enterprise has also developed, with many other food access projects in and outside of London, an accredited course for food access workers.

Other south and east London activities that are linked to and aim to share supply and other facilities with Community Food Enterprise include Greenwich, Hackney and Tower Hamlets. Community Food Enterprise is based at a 3,000 square foot warehouse owned by Tate & Lyle in Silvertown docks.

Key elements in the successes of the East London groups have been:

- motivated residents and volunteers who have taken matters into their own hands and tried to make a difference locally
- the difficulty people face in buying wholesome and affordable food in the areas
- the ability, in some cases, to employ a co-ordinator to run food access work
- support from other local organisations with a proven legacy of setting up and running appropriate activities.

One of the possible challenges with the 5-A-Day legacy (funding is finishing this year) is that many projects have been started, including Primary Care Trust and borough-led food mapping work and food policies, without any funding for implementation or follow-up work. Ealing is an example of a borough with an ambitious and positive food policy that suffered severe cuts across the council almost as soon as its strategy was published.

Yet there is certainly a need for some collaborative work across West London, perhaps akin to what is already succeeding in the East, and some adjacent boroughs have been working together by sharing learning on food policy development and mapping. As the eastern groups have benefited from the proximity of New Spitalfields Market, so have some western groups considered collaborating to purchase from New Covent Garden. The West London Alliance,[71] a larger version of the Local Strategic Partnership model, includes members with particular expertise that could support food access work at a strategic level, for example exploring the use of vacant premises.

Some food access groups have had meetings with farmer groups but current challenges to developing trading links include:

- the low incomes (or in some cases *no* incomes) of users of the schemes
- the need to supply exotic foods such as yams and mangoes as well as UK produce, for diverse ethnic markets
- the current mismatch between levels of co-ordinated demand and cost-effective supply.

This generally means that food access schemes purchase from wholesale markets, where provenance is often not known or not a priority. Food access workers may also have developed close and valuable working relationships with market traders, though some groups (Greenwich Food Network) have well-developed plans to import sustainably produced citrus fruits or have direct trading links with organic suppliers.

Challenges therefore lie in being able to consolidate orders from many food access schemes into a form of regular supply, and to influence traders on where their food comes from. This latter has been partially successful in the London Hospital Food Project (see above). Similarly, commercial users of food access delivery services may be identified among neighbourhood shops, restaurants or the public sector for both affordable fresh food and even speciality foods. There are many lessons to be learned here to inform the effective development of a London Sustainable Food Hub.

Work package 7: Recommendations

There are two sets of recommendations: 'A' and 'B'. A is a recommendation to proceed with a new food centre (the London Sustainable Food Hub) specifically located and designed to push the whole local/organic food issue up the policy agenda and to facilitate a major increase in access to markets for producers and access to reliable supplies for purchasers. It should be based on a social enterprise model and be firmly locked into the idea of a close partnership between producers and purchasers. It should also be firmly locked into sustainable regeneration and into the overriding need to improve food access to those in need.

Recommendation A will require a building/warehouse facility, innovative partnerships and strong links to existing activities.

Recommendation B is a cluster of recommendations that does not require a building but does require modest amounts of development assistance to accelerate some of the ideas currently in play in London and to develop stronger marketing and branding initiatives linked to a 'virtual' marketplace. The 'B' recommendations can go ahead immediately and independently of 'A'. Equally they could work very well in tandem with 'A'. The 'B' recommendations would require shorter lead times and generate the partnerships that are so important to the success of the 'A' recommendations.

So 'B' can go ahead alone, and 'A' and 'B' can go ahead together, but 'A' cannot go ahead alone.

Recommendations A

To go forward with a plan for a new warehousing and distribution/processing centre and to develop a full business case for a London Sustainable Food Hub to increase the amount of local and/or organic food consumed in London. In the first instance this is for one site only.

Recommendations A

A1 Carry out geographical screening processes to identify that there are (a) food desert areas (b) eligible for grant aid (c) under consideration and development within one or more regeneration initiatives. Select site.

A2 Identify all costs, revenues and expenditures in the development phase and years 1-5 of operation.

A3 Identify funders.

A4 Establish governance structures, recruit board members and agree aims and objectives.

A5 Agree a branding and marketing strategy based on more detailed exploration of similar strategies in the UK, Europe and elsewhere.

A6 Establish a database of suppliers and purchasers and make it widely available to all potential purchasers. Continue to recruit suppliers and purchasers.

A7 Develop and implement both a public procurement strategy, including schools and hospitals, and a restaurant strategy.

A8 Develop and implement a logistics strategy (see Appendix 1)

A9 Develop and implement a pricing strategy so that producers can achieve an adequate rate of return on their efforts and purchasers can gain access to high quality foods at lower unit cost.

Recommendations B

These are supporting and reinforcing activities which can go ahead independently of the recommendations set out in A, above but could achieve significantly enhanced impact if implemented at the same time.

Recommendations B B 1 Set up producer groups adapted from models inside the UK and elsewhere. Encourage co-operation between all producers on all aspects of purchasing inputs, branding, logistics, and business development. B2 Develop high quality information systems to connect to schools, hospitals and other purchasers with those who produce local food. This can be done relatively quickly, in advance of A6 and via a low cost web site. B3 Develop a public procurement strategy for every local authority and the GLA so that they can move progressively to purchasing sustainable food from local suppliers.

5. Conclusions

The UK is a world leader in research and NGO activity in areas that cover food systems, food miles, sustainable agriculture, sustainable freight transport, environmental quality, 'triple bottom line' thinking on business and sustainability, and sustainable communities. The weight of research reports and evidence is impressive and is widely quoted internationally. Unfortunately, this compares unfavourably with 'truth on the ground'. The reality is almost the inverse of this promising situation. We have food deserts, relatively low levels of local and organic food available in our cities, and highly centralised food distribution systems focused on supermarkets.

International comparisons

From a public policy perspective the question that has remained unanswered for many years can be sharpened with a simple international comparison: why does Madrid not have 'food deserts' while London does?[72] High quality, affordable, available and plentiful organic food and local food are routinely available in Denmark, Sweden, Austria, Germany, the Netherlands and Spain and this is not the case in the UK. The prevalence of markets and food production/distribution systems giving precedence to local food in these countries has cultural, political and economic components.

At the cultural level there is a strong and continuing preference for regional food and for legal and other guarantees of the integrity of regional food. At the political level there is a shared vision that business and other support mechanisms should support small businesses in the food sector and local entrepreneurial activity rather than rely on inward investment. And at the economic level large supermarket chains have not achieved the market dominance they have in the UK. The main lesson to be learnt here is the degree of political support required, which in Italy, Austria and Denmark particularly has produced vigorous and thriving local and organic food systems. Equally the lesson to be learnt from Poland, Hungary and the Czech Republic is that these local food systems are fragile, and when unconstrained market forces are encouraged by the planning system this produces large supermarkets and shopping malls and large areas of car parking. This in its turn has an immediate and damaging effect on small retailers and local markets and reduces the demand for local food.

Notwithstanding some unfavorable international comparisons, the UK has significant potential to increase the supply and consumption of local and/or organic food and to do this in a way that directly benefits the economic welfare of the farmers and producers as well as the health and local economies of those living and working in large cities. The opportunities in London are particularly significant given the large market for food, the existence of 'food deserts', the proximity to producing areas and the regeneration efforts currently going on in relatively disadvantaged London boroughs and the Thames Gateway area. Regeneration strategies aimed at the food sector have a significant potential to create jobs, improve health and reduce traffic all at the same time.

Barriers to progress

There are a number of barriers to a strategy to increase the amount of local/organic food consumed in London. These include poor quality logistic systems in a very uncoordinated supply and information chain. These deficiencies can be remedied but this will need support as part of sustainability, regeneration and health initiatives. The logistic deficiencies are also associated with information deficiencies and for this reason this report has emphasised the 'soft' infrastructure of creating producer groups, creating information and database systems and creating strong and trusted branding and marketing strategies. There is also a lack of dedicated infrastructure and this report recommends a new physical facility, a London Sustainable Food Hub that will be dedicated to replicating and, indeed, improving on the successes of the Regional Distribution Centre in the world of supermarkets.

More work needs to be done on the location of the Hub and its financial and operational aspects, but this report has emphasised the importance of linking this new facility to regeneration efforts in East London boroughs (e.g. Dagenham) and to the availability of grant assistance in those areas.

Extensive literature reviews and discussions with organisations and individuals in other EU countries have shown that the cost to the consumer of local/organic food is not an insurmountable barrier. The current cost premium, especially on organic food, is partly a function of small volumes and hugely inefficient logistic and supply chain systems. This can be remedied and bring down the cost of trusted, high quality local food to consumers. A recent EC report looking at organic farming in the EU took the same view, stating that:

> *"Much of the additional costs for organic food that consumers are facing are generated in the distribution and processing network. That has to do with handling of relatively small quantities of products. If more supply becomes available in the next years, there is a great potential for significant economies of scale in the processing and distribution systems. For that reason, the premium paid by the consumer should be able to come down while not affecting to a great extent the premium received by the farmer."* [73]

Triple bottom line

Based on a wide range of evidence this report takes the view that local food and organic food have equal importance in the sense that both have a great deal to contribute to London's economy and the health of Londoners. To bring about significant changes in the availability of affordable, fresh and high quality foods it is essential to emphasise both local and organic. More importantly, the evidence reviewed here shows that these food products could be made available to the consumer at prices lower than those currently prevailing and at the same time increase the payments to farmers and growers. This is because of supply chain improvements, logistic optimisation and the organisational efficiencies that will flow from the establishment of the Hub. These improvements in efficiency strip out costs to the benefit of both suppliers and consumers.

From a wide sustainability perspective as well as a local economic development and public health perspective the opportunity to increase the supply of local/organic food to London's consumers (individual and institutional) is as good an example as it is possible to design of the triple bottom line and 'win-win' aspirations of the wider business and sustainability community.[74] To put it even more crudely and with a little more force, it is a 'no brainer'. The costs of intervention are small, the benefits are large and the risks almost non-existent.

The key recommendation of this report is the full implementation of a London Sustainable Food Hub facility specifically designed to increase the amount of local organic food consumed in London and to benefit the rural and urban economy in a fully sustainable manner. It is estimated that this can be achieved for around £3.39 million over three years, after which London's Sustainable Food Hub could be self-sufficient.

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These people should, however, not be held responsible or liable for any opinions, errors or conclusions offered in the report. This responsibility remains with Sustain and John Whitelegg.

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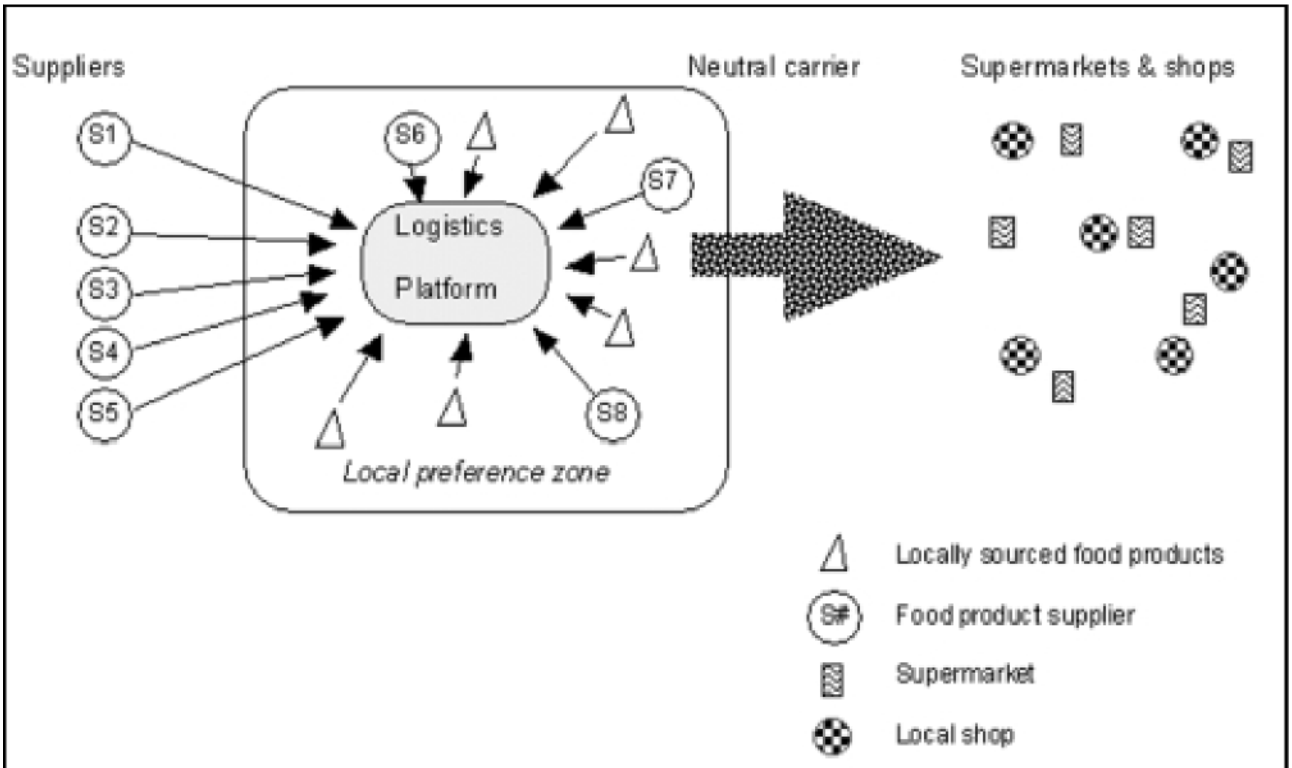
Appendix 1

Logistics strategy

Freight distribution systems have a crucial role to play in enhancing the efficiency of local food supply chains and in reducing costs to the consumer and reducing environmental effects. Supermarkets have already realised the enormous significance and potential of sophisticated logistics and implemented highly efficient systems based on Regional Distribution Centres. Local food and non-organic food does not currently have access to such systems. Therefore any Food Hub development in London will have to address the logistics of what is being proposed. The basic model that is suggested in this study is the same as that suggested by Eco-Logica in the *Wise Moves* report.[75] This is reproduced below.

Figure 2: A localised co-operation logistic system



Source: Eco-Logica (2003) 'WISEMOVES The potential to reduce greenhouse gas emissions through localisation and co-operation'

The Logistics Platform in this model is the London Sustainable Food Hub and it is primarily organised to encourage local suppliers (the local preference zone). Like the supermarket Regional Distribution Centre this then provides ample opportunity to organise a highly cost-effective delivery of local food to the Food Hub and then to organise subsequent distribution to destinations (local shops, supermarkets, schools, hospitals, restaurants, etc.). The neutral carrier in this model refers to a vehicle fleet that is not dedicated to any one supplier or any one customer. It caters for all suppliers and all consumers and it can be optimised with conventional logistic software to deliver a highly cost-effective service to many consumers on the basis of minimising miles driven, minimising hours spent on the road and minimising environmental damage. This also minimises costs and could make local food/organic food very cost effective.

The lack of a logistic/supply chain system for local food is currently a significant barrier to development in this sector and to the realisation of economic gains and reduced greenhouse gases from the food industry.

Experience is currently being gained in similar logistic situations where logistic platforms and neutral carriers have been used. Two examples are briefly reviewed below:

1. The Heathrow Airport retail freight consolidation project
2. The Bristol Broadmead Shopping centre project

1. Heathrow Airport retail freight consolidation
The establishment of a retail consolidation centre at Heathrow Airport has demonstrated the potential for reducing deliveries and truck trips within a specified geographical area. This is the closest approximation in the UK to the German 'City Logistic' concept reviewed in full in the Wise Moves report from Transport 2000 (sponsored by the DTI).[76] Heathrow Airport is subject to congestion and delays because of the number of car and lorry trips in a confined area. Normally lorry trips would be delivering to retail units in each of the four terminals - adding to delays, miles driven and greenhouse gas emissions. Now the logistic companies and hauliers can deliver to one consolidation centre for onward delivery to the final destination. This means that each lorry is in and out quickly and deliveries to final destinations can be 'bulked up' to make efficient use of capacity in the vehicle. A trial of this consolidation centre was held between March and June 2000 and achieved a 66% reduction in deliveries to the airport and a very positive response from the retailers. The Centre is a joint effort between BAA (the airport operator) and Exel Logistics and was expected to achieve bigger reductions in miles driven and emissions by the end of 2004, when all retailers were planned to be included.[77]

2. **The Bristol Broadmead freight consolidation centre** The following is a press release issued on 21 July 2005, by Bristol City Council:

> **50th retailer joins unique city centre delivery scheme**
> The Bristol Broadmead freight consolidation centre was set up in May 2004 to tackle city-centre traffic congestion and pollution by minimising the impact of freight deliveries to retailers in Broadmead shopping centre. In July it announced that it had signed up its 50th participating retail outlet.
>
> The Freight consolidation scheme provides a delivery centre in Emersons Green where retail deliveries can be dropped off and then consolidated onto a single load for onward delivery to Broadmead retailers. This means that the number of delivery lorries travelling to and from the city centre is reduced, helping to contribute to traffic reduction and improve air quality in the area.
>
> The scheme is operated on behalf of Bristol City Council by logistics experts Exel and has reduced the number of deliveries by 66% for those retailers involved and saved over 25,000 lorry-kilometres made in and around the city centre since the scheme was launched. Besides reducing traffic congestion and pollution, the scheme also offers retailers an enhanced delivery service. Retailers report that they benefit from more precise delivery times, effective stock replenishment and improved delivery, staff planning and productivity.

Bristol City Council has recently extended the scheme until March 2006, and is working with Exel to explore ways to further continue to develop this initiative.

Both the Heathrow and the Bristol logistic projects demonstrate the advantages to businesses and the environment of a departure from uncoordinated delivery systems and a clear shift towards neutral carriers, freight consolidation and localised distribution. Once again, those who take on the development and operation of a London Sustainable Food Hub will have a great deal to learn from such innovative systems.

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