Champion a target of 10% of the UK grocery market to be from non-multiples by 2030 in order to improve food retail diversity

A submission from Sustain to the National Food Strategy call for evidence

A lack of diversity in the supply chain and market options for producers is creating a less resilient food system in the UK, with over 95% of groceries sold through the top 9 multiples, and 3.7% of the market share for the alternatives. [1] This leaves producers with little power in the supply chain or choice of who to sell to and they have to scale up and simplify production. This squeeze on farmers and loss of complexity in farming contributes to the decline of small and family farms which can be synonymous with the decline in farm diversity, nature and environmental goods, and with jobs in rural economies.[1]

As farms disappear or are amalgamated wildlife features and habitats are lost.[2] Research also shows the smallest farms (below 20ha) hold the highest concentration of parcels of deciduous woodland, semi-natural vegetation and extensive grass.[3] University of Exeter surveys suggests that smaller farms also employ more labour per unit of area.[4]

A target and associated policies should drive development of new routes to market and a growth in street and covered markets, co-ops, box schemes, independent, local on-line and symbol group shops. This would help address many of the problems for smaller farm businesses, as well as supporting local economies and improving access to healthier, affordable food. A special focus should be given to Better Food Traders, that are, by mission and design, able to deliver a fair system for producers and workers, as well as the planet.

This is timely as the retail sector undergoes a major shift (from on-line sales growth and new players like Amazon) there are opportunities to start developing long-term changes to retail to remove weak policies, address unpaid externalities (such as environmental harm, high street damage) and invest in food retail and trading systems that reward farmers and workers adequately, whilst paying for the true costs of production. A target that drives more diverse food retail options and new trading platforms would support:

- better access to fruit and vegetables, as many of these 'alternative' retailers are the only ones to operate in areas that would otherwise be 'food deserts'.
- more affordable healthy food - A basket of fruit and vegetables can be 45% more expensive in supermarkets compared with the same produce at a traditional grocer[5]. The Government's Healthy High Streets report states "*A good mix of food 'spaces' within a local community can offer opportunities for local populations to access healthy foods.*[6]
- a boost to local high streets and employment with more money kept in the local economy[7]. Food retail is often a major part of high street regeneration which supports amongst other things, increased tourism. CPRE research suggests local food systems can have a major economic impact.[8]
- more return for farmers, as many of these 'alternative retailers' provide more direct routes to market. According to Defra statistics, farmers currently receive just 8% of value of the food system,[9] compared to 100% through direct sales such as farmers' markets.
- more mixed and diverse scales and types of farming and rotations that help soils and biodiversity that struggle to supply larger supply chains (such as Growing Communities in London supporting organic farmers). This diversity in production would create a more resilient farming sector, against future shocks such as climate change

Current initiatives are fragmented and would benefit from a well co-ordinated, coherent, achievable and meaningful plan for growth championed by the NFS. This will require buy in from multiple stakeholders

[1] see briefing https://www.sustainweb.org/resources/files/press_releases/Sustain%20Farm%20Diversity%20BriefingMarch18.pdf

(which we would be happy to convene with the NFS team) to identify the barriers and opportunities for promotion, improving the food offer, and more across the following sectors:

- **Street & covered markets in all communities:** Ensuring that fruit and veg retail is at the heart of all markets, and markets across the UK are given support where needed to better compete. This could take the form of a market regeneration fund, like the one in London supported by the Local Economic Partnership[10]
- **Coops, buying groups and CSAs (Community Supported Agriculture):** These offer more affordable and often plastic free food, and work well in close-knit communities, but need more promotion, particularly to schools and community groups. Currently 434 coops are farmer owned and are in the top 20 best performing UK co-ops by turnover, but growth has stagnated.[11]
- **Box schemes**: Local and national initiatives have grown and provide a vital route for many farmers. **Riverford**[12] and **Farmdrop**[13] which are both national direct farm-to-consumer initiatives which help more of the money spent to reach farmers. Riverford is 100% organic so delivering significant public goods.
- **Farmer's markets and farm shops:** These are a vital lifeline of direct sales for many farmers and should be given priority support in support, planning, regeneration plans.
- **Online platforms:** This growing sector may need less support, but it does offer a great opportunity for new routes to market for farmers such as *Neighboorfood Nottingham*[14] and *Big Barn*[15], and any plan should ensure that a diversity of online options and training for farmers is available.
- **Independent retail:** Independents like bakeries, fishmongers, butchers can provide significant benefits but will need specific support to compete against the multiples economies to provide an alternative market for producers. *Bristol Independents*[16] is a city wide initiative– shops that are locally owned and operated.[17] *Unicorn Grocery*[18] cooperative sells a diverse product range that and works to increase the amount of land farmed. They see potential for such a medium sized grocery in every town.[19]
- **Symbol groups.** Support all of these retailers to provide a better fruit and vegetable offer. The Eatwell project, mirroring a Department of Health pilot, led to an average 60% increased uptake of fruit and veg across 15 stores in poorer neighbourhoods. Convenience stores provide significant community benefits including combatting loneliness and providing car fee access.[20]
- **Better Food Traders**[21]**:** We want to see a better food trader in every town. Many of the retail types above could in theory meet the high standards required by the Better Food Traders network, which can return higher environmental benefits and return to farmers than most other retail models such as the **Growing Communities**[22] replicable model which trades in organic fresh food in London (and founded the network). Similarly any of the models above could support more social enterprising models, which whilst not necessarily leading to greater retail diversity can have multiple other benefits.

What this idea needs to succeed?

Barriers to new trading and independent retail are significant and local initiatives find it hard to compete with the powerful multiple retailers for space and customers and are always likely to struggle against economies of scale in buying produce and complex distribution and marketing systems. Sustain and NEF surveyed local food practitioners and national coordinators in 2018[23] and over 65% said that they needed to see more government support and local authority funding. Many of these are further detailed in Sustain's Good Food Retail[24] briefing. Key actions:

- Support for all local authorities to develop a **local food retail diversity plan** (drawing on Manchester[25], North Norfolk[26] and in many London boroughs[27] and Sustainable Food Cities[28]) with recognition for local food traders, and celebrating those areas that exceed the 10% target. Link to infrastructure needs e.g. abattoirs, processing hubs, in order to deliver this plan.

- **Planners** must be empowered to encourage more retail diversity by ensuring that planning policies include statements of support for better (and non-multiple) food retail.[29] Every new development should provide access to healthy food retail within 400m and the Town Centre Sequential Test strengthened and better enforced to develop attractive, diverse shopping.
- Every **local economic development team, Business Improvement Districts (BIDs)** and **Local Economic Partnership** should have a mandate to work on food. This could enable cooperation along values-led supply chains and help to connect good food retail outlets with food producers and community food growers, and deliver other policies noted here.
- Start up capital and other support for **traders** eg capital funds and training tools, land, premises, market stalls, training and business advice, IT support and other tools to help new trading enterprises (including farmers and farmer groups) to start-up, become established and expand. Small business support is currently not fit for food businesses.
- Use **fiscal measures** to level the playing field e.g. tax/business rate incentives for smaller/social enterprises, removing any tax breaks for multiple retailers and ensure rate relief policy encourages local authorities to boost small scale enterprise.[30]
- Tools for **producers** including training, facilitation grants and capital grants for local farmers and producers to develop products, gains skills and ability to trade locally.
- CMA to reintroduce the 2009 Competition Commission proposal for **local food competition test** reintroduced to end multiple retail dominance and caps for retail market share.[31]
- Expanding the remit of The **Groceries Code** Adjudicator (or via the new Agriculture Bill 'Fair dealing' measures) to remove unfair trading practices in the whole food chain, which often squeeze smaller businesses out of the market.[32]
- Remove the **exclusive rights** to retail that exist in some locations eg. University campuses and new developments – in order to allow more competition and retail diversity.

To further discuss the proposals in this submission, please contact Vicki Hird vicki@sustainweb.org

List of references and links to supporting evidence

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[4] Winter, M. and Lobley M (2016), p54.
[5] http://localisewestmidlands.org.uk/wp-content/uploads/EL_Retail_Oct101.pdf
[6] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/699295/26.01.18_Healthy_High_Streets_Full_Report_Final_version_3.pdf
[7] A new report confirmed that community-owned buildings and land, including on the high street, contribute £220m to the UK economy, and 56p of every £1 they spend stays in the local economy. Three-quarters of community-owned assets report being in good financial health, and community businesses have a survival rate of 94% or more. https://www.powertochange.org.uk/news/cut-number-empty-shops-putting-communities-control-high-streets-new-report/
[8] *From field to fork: The value of England's local food webs*, CPRE, 2012 www.cpre.org.uk/resources/farming-and-food/local-foods/item/2897-from-field-to-fork
[9] Defra Food Statistics Pocketbook 2018
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[12] see https://www.riverford.co.uk/
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[20] https://www.acs.org.uk/sites/default/files/acs_local_shop_report_2019.pdf
[21] See http://betterfoodtraders.org/
[22] see https://www.growingcommunities.org/
[23] Local Food Review, awaiting publication, Sustain/nef 2018
[24] Sustain Briefing: Good Food Retail, Sustain, January 2019
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[25] https://cles.org.uk/wp-content/uploads/2011/01/The-role-of-independent-food-retailers-markets-and-community-food-initiatives-in-local-centres.pdf
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[31] https://www.theguardian.com/business/2009/oct/02/supermarket-planning-toughened
[32] see for more detail https://www.sustainweb.org/foodandfarmingpolicy/a_fair_and_transparent_supply_chain/