Purpose Over Profit

How alternative food retail can make the Food Strategy a success

BETTER FOOD TRADERS

FOODRISE

Contents

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Executive Summary

The corporate supermarket model isn't working. It is driving ill-health, the cost-of-living and environmental crises. The sector needs reform and the challengers need policy support.

A better retail sector is already demonstrating what is possible. Supermarket alternatives have been shown to improve diets by increasing fruit and vegetable intake. Additionally, farmers earn three times more from alternative routes to market compared to selling into supermarkets.[1] Across the UK, small and medium enterprises (SMEs), cooperatives and community-owned grocery businesses are already working to create fairer and healthier food environments.

Yet this sector remains under-recognised and under-supported by national and local policy. This report is aimed at national policymakers, local authorities, journalists, local activists and food businesses, to make the case for retail reform and diversifying our grocery sector. Independent food retail can deliver systemic change.

The government's food strategy for England is still in its initial stages, and has yet to propose the specific actions the government will take. This is a unique moment of opportunity. Drawing on evidence from retailers, academia and civil society, we outline the following concrete policy measures to unlock the potential of independent retail, rebalance the power of supermarkets, and help deliver the government's promise of generational change in our food system.

Our recommendations

- **Regulate Supermarket Food Retail for Fairness, People, and Planet**
  - A new Food Chain Law, backed by stronger regulators, to stop supermarkets selling below cost, and ensure farmers and suppliers are paid fairly
  - Move forward on the public mandate for a salt and sugar tax, ring-fencing the revenue to reduce the cost of healthy foods, or support health on prescription schemes.
  - Mandate large retailers to transition 50% of protein sales in weight to plant-based by 2030, through legumes, nuts, seeds and vegan alternatives.
- **Support independent, sustainable food retail**
  - Business rate relief for independent sustainable food start-ups
  - Invest in community-led grocery initiatives
- **Invest in Regional Produce Hubs to boost resilient infrastructure and sustainable supply chains**
  - Establish regional produce hubs in strategic locations, aiming to serve all communities with sustainably produced fruit and vegetables.
- **Rebuild regional food supply and processing**
  - Deliver a national sustainable Horticulture Strategy to grow domestic supply of sustainable produce.
  - Invest in processing infrastructure (where regional supply can meet demand)
- **Pilot vouchers for fresh, sustainable fruits and vegetables to incentivise shopping at SMEs**
  - Create a national pilot for fruit and veg prescriptions, and vouchers for fresh produce sold via SMEs, similar to schemes like Healthy Start.
- **Use planning powers to prioritise space for sustainable & healthy food retail**
  - Incorporate food resilience recommendations into planning frameworks
  - Include a local competition test with weighting towards independent grocery.
  - Leverage vacant retail spaces for permanent retail and weekly food markets.
- **Facilitate Public Procurement of Sustainable Food through Local SMEs**
  - Mandate 50% sustainable food or higher in public procurement in line with manifesto commitment.
  - Open public procurement up to small and medium enterprises (SMEs) by methods such as simplifying tender bids, facilitating lot-sizing of contracts, fostering the development of cooperatives, and/or creating Dynamic Purchasing System processes to allow contracts to be fulfilled by a mixture of different suppliers.

1. Introduction

Better Food Traders CIC were commissioned to work with Foodrise UK and Foodrise EU to examine how UK grocery retail shapes the nation's diets. This report presents the findings, framed within the context of the government's food strategy for England. Released on 15 July 2025, the strategy sets ambitious goals but is still at an early stage, with the details of implementation undecided. Drawing on insights from retailers, academia and third-sector research, this report offers a suite of policy proposals designed to reshape this sector in line with the government's aim to create a generational change across the UK food system.

The UK faces a highly concentrated retail sector that entrenches poor diets, food insecurity, and environmental harm. Our research shows that the supermarket model is a fundamentally undemocratic way to organise food and diets; and that there is an increasing public appetite for change. Yet a huge, untapped strength lies in thousands of existing sustainable food enterprises already working to address these challenges. This report showcases the wealth of independent and community-led grocery initiatives across all four nations. According to polling conducted by Foodrise, 54% of people believe supermarkets should operate as co-operatives.[a] In the face of a public mandate for change in retail, a growing patchwork of independent retailers and robust evidence, the government's strategy must take advantage of local appetite to serve and nourish their communities.

This report makes the case for locally owned, sustainable grocery retail as a powerful lever for transforming the UK food system. Though still small, this growing sector constitutes an emerging movement of independent retailers with resilience, health, sustainability and local growth objectives. Already, 210 shops, markets, bakeries, produce hubs and farmers are working collectively as the Better Food Traders network, in the face of mounting financial challenges and an inhospitable policy climate. Diversity is their strength: demonstrating locally-appropriate ownership and business models – including cooperatives, community ownership and social enterprise. The field of independent, sustainable retail is supported by local food partnerships, and a wide range of non-governmental organisations.

This report reflects extensive research and collaboration across multiple organisations, including Foodrise and Better Food Traders. Special credit goes to research carried out by the Local Food Plan, a coalition of organisations: Sustain, the Land Workers Alliance, Food, Farming and Countryside Commission, Pasture for Life and the Sustainable Food Trust. It is aimed at national policymakers, local authorities, local activists, business people in the food sector and journalists.

Queen of Greens mobile greengrocer in Merseyside. Source: Rob Battersby.

a Figures are from YouGov Plc. Total sample size was 2,193 adults. Fieldwork was undertaken between 2nd - 3rd September 2025. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

2. Supermarkets are failing people and the planet

2.1 UK Food Retail is too Concentrated and Competitive

UK food retail is dominated by ten supermarket chains that account for 96.7% of grocery sales. This is an extremely concentrated retail environment, leaving only 3.3% for small shops and independents. At the same time, these huge firms are locked into intense competition with one another, leading to price wars to attract customers. The combination of concentration and aggressive competition creates an inflexible model. It places pressure on producers and has driven and entrenched the UK's unhealthy, unsustainable diets.

For an analysis of how food provision in the UK, led by supermarket grocery chains, is falling drastically short of our needs, see our complementary briefing: *Profit Over Purpose: Why supermarkets will make the Food Strategy fail.* National food security is fragile and at increasing risk in a volatile world. Household food security is poor. These are not isolated shortcomings, but interconnected, systemic failures that reinforce one another.

2.2 The Supermarket 'Food Environment' Entrenches Health Inequalities

As the major point of household food purchases, supermarkets exert significant influence over our diets. Supermarkets create their own particular 'food environments', steering what people eat through price, promotions, placement, availability, variety, quality, and nutrition information. Overall they do not create healthy environments. Instead, research shows that sales strategies systematically increase the purchase of less healthy, calorie-dense products.[2]

Despite supermarkets offering some healthy options, it is not enough. Fewer than 1% of the population eat the government's recommendation for a healthy diet, the Eatwell Guide.[3] UK diets are currently characterised by an underconsumption of fruits and vegetables, and an overconsumption of fats and oils, sugars, salt and highly processed foods.[4] Poor quality diets are directly linked to preventable poor health outcomes,[5] fuelling the NHS crisis[6] and soaring costs for healthcare, social care, and welfare. We spend far more treating diet-related illness than it would cost to ensure access to healthy food.[7] With the government emphasising preventative healthcare, government action is timely: investing in better food environments means healthier people and lower spending.

UK diet-related ill health is rooted in stark inequalities, made worse by the supermarket model. Supermarkets do not meet the needs of many citizens who are residing in areas with very limited access to fresh produce. Following discussions with residents of Stockbridge Village in Knowsley, Foodrise uncovered that supermarkets have perpetuated the lack of access to affordable, fresh fruit and vegetables.

> **"We did approach Tesco and Morrisons collectively as a community to see if they would provide us with a supermarket. At the time there were only about 7,000 people living in Stockbridge so they wouldn't do anything unless there were 9,000 people living in an area. So we were stuck with Parry's KwikSave, which is now the NISA."**
>
> (Workshop Participant)

A cost analysis shows that prices for basic products are higher in this low-income neighbourhood shop than at high-end retailers such as Waitrose. Even in areas well served by supermarkets, healthy and sustainable food are more expensive, making it harder for people with limited budgets to eat well.[8] We need a more diverse system of food provision that meets the needs of everyone.

2.3 Supermarkets are failing on Climate and Nature

Big retailers are failing to deliver on their climate promises. Research from the FFCC and the National Food Strategy commissioned by the government in 2021 makes this clear. As the UK's main point of food purchase, supermarkets have been given huge power over the nation's diets – and, in turn, the nation's health and climate crises. Yet they are not using that power to improve it.

Despite pressure to change, supermarkets continue to drive sales of meat and dairy.[9] They create billions of tons of food waste annually, and greenwash their CSR reporting.[10,11] Rather than leading the shift to sustainable diets, they mislead and obfuscate their progress on sustainability.[12]

One example is prominent claims to carbon neutrality made by the British branch of ALDI.[13] They fail to point out that this claim doesn't cover the emissions attributed to their products, a hidden 99.33% in Scope 3. Voluntary supermarket climate targets have delivered limited progress, with widespread greenwashing. Meanwhile, profit-driven Supermarkets use their market power in ways that undermine national health and sustainability goals.

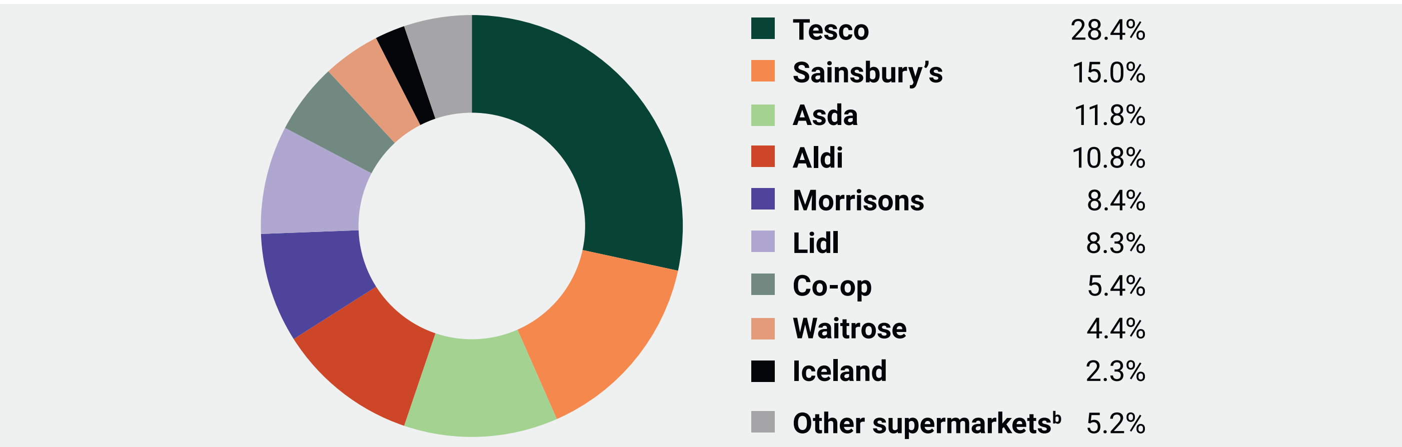
2.4 Concentrated Food Supply Chains are Vulnerable

Corporate retailers' massive market share gives them outsized power over the food sector, distorting the market and leading to unfair practices. Take, for example, supermarkets' buyer power. When farmers have little choice but to sell to supermarkets – because there are few other routes to market – this means supermarkets can push down farmers and producers on price. Farmers are forced to take very low prices for their products at the farm gate - which in some circumstances, have been shown to be even lower than the cost of production, leaving farmers with no profitability and putting their businesses at risk of administration.[14]

Further exercise of this power over farmers includes late payments, last-minute cancellations and demands for retrospective discounts.[15] Ultimately, supermarkets transfer disproportionate risk onto primary producers. This leads to supply chain fragility.[16]

As Professor Tim Lang has shown, leaving our domestic supply to operate on extremely thin margins exposes our food security to a myriad of serious risks: the exit of farmers, increasing reliance on imports, concentration, underinvestment and environmental degradation. Without sufficient capital, farmers cannot invest in sustainable practices, leading to decreases in long-term productivity, soil health and climate adaptation, and eroding resilience to shocks such as droughts and floods.[17] The hidden costs of concentrated buyer power in the UK are directly creating the UK's food supply vulnerability.[b]

Figure 1: Grocery market share of the UK's biggest supermarkets – August 2025



Source: Worldpanel by Numerator, 'Grocery Market Share (12 Weeks Ending)', 10 August 2025, https://market.worldpanelbynumerator.com/grocery-market-share/great-britain

b Marks & Spencer does not have a grocery market share figure as it falls outside Worldpanel's definition of a grocer, due to its clothing and home divisions. M&S's food and drink market share was 5.1% in the 52 weeks to 13 July 2025, according to Worldpanel.

2.5 Big Retailers make Empty High Streets

Concentration also affects other food distributors, and by extension, local communities. Supermarkets are suffocating healthy competition from food retail SMEs. As the largest retailers - Tesco, Sainsbury's, Asda and Morrisons - have opened hypermarkets on the fringes of towns and cities, they have made it increasingly unviable for any kind of SME food retail to compete. Small retailers have stronger local presence and community ties.[18]

Shrinking local business causes one of the most visible indicators of local decline: shuttered high streets. New analysis by Power to Change finds that right-wing movements are seen to be growing in popularity more strongly in places with declining high streets, predominantly in the Midlands and Northern England.[19] Gradual concentration undermines the regional resilience and employment quality offered by a thriving network of SMEs. We have very nearly lost our UK food heritage as a "nation of shopkeepers" at the heart of local communities, and those persevering are struggling to stay in business.[20]

On the other side, market concentration also limits how local people can influence their food environment. The 10 supermarket chains each operate hundreds of stores, many of which are up to 2,000 square feet and sell tens of thousands of products. Despite the apparent abundance of the aisles, there is a lack of true choice: either in the way you want to shop, or what you want to eat.

Supermarket outlets are geared towards a standardised, mass-market offering. Unregulated and driven by market forces, supermarkets promote the most profitable items, prioritising foods that are cheap to produce and with long shelf lives; and meat and dairy, rather than the options that have the optimum dietary and environmental profile, such as vegetables, pulses and wholegrains.[21] Supermarkets position themselves as responsive to 'consumer demand', but this model orients them to extract value out of national buying patterns rather than listening to local needs of communities. In research with residents of Stockbridge Village in Knowsley, Foodrise uncovered mounting frustration with the local supermarket's approach:

> **"I mean I've got a club card ... None of them send an email saying, "Would you like to answer this survey?" or, "What can we do better?" and things like that."**
>
> (Workshop Participant)

This quote demonstrates how major retailers do not seek enough feedback from users. In a 'consumer demand' model, marginalised communities with more limited budgets are barely heard.

2.6 Voluntary Action Has Failed

Allowing retailers to shape the system, or "Leaving it to Tesco" has failed to deliver.[22] This non-interventionist approach, including voluntary initiatives, has been the way of successive governments. Meanwhile, between 1992 and 2020 nearly 700 policies to tackle obesity have been brought forward in England, which in the main have had little to no effect. They have failed because they focus on individual responsibility and personal choice, out of fears of the so-called 'nanny state'.[23]

We urgently need the government to act on retail. We need regulation and incentives in order to improve fairness, health and sustainability. Through surveys such as the Food, Farming & Countryside Commission's 'Food Conversation', we know that citizens are calling out for change. The mandate is clear for the government to take action.[24]

Policy detail: Regulate Supermarket Food Retail for Fairness, Sustainability and Health

Non-intervention and voluntary initiatives have failed to translate to sufficient progress or transparency.

If it is to achieve the outcomes it has set in its food strategy, the government must shape the grocery sector through regulatory intervention: facilitating regulatory and financing arrangements that push supermarkets to play a more constructive role in the short term, while laying the groundwork for a long-term transformation of the food system.

We call on the government to incentivise and regulate food retail more strongly and effectively for fairness, sustainability and health. Targeted legislation, stronger regulators and incentivisation to increase sales of healthy, nutritious food could re-shape the UK's grocery sector to meet the government's strategic priorities for food.

Raise healthy and sustainable food standards at large corporate retailers

Stronger regulation on sustainability, health, and nutrition across the supply chain to shift the market towards a Good Food Cycle.

Actions
- Mandate transparency from large retailers on progress towards sustainability and nutrition goals.
- Standardise climate commitments, particularly in monitoring Scope 3 emissions and in line with Climate Change Committee recommendations
- Mandate large retailers to transition 50% of protein sales in weight to plant based by 2030, through legumes, nuts, seeds and plant-based alternatives. Include this in transparent reporting requirements.

Incentivise healthy and sustainable food purchases

There is strong public support for a salt and sugar tax if revenue is used to reduce the cost of healthy foods.[25]

Actions
- Salt and sugar tax, extended to items with highest environmental footprint.
- Ensure sugar tax revenues are ringfenced to subsidise healthy & sustainable items, e.g. wholegrains, fresh fruit and organic produce, to make them more affordable.

A Food Chain Law to protect farmers and suppliers

Actions

A new Food Chain Law, like that in Spain,[26] to stop supermarkets selling below cost and to ensure farmers and suppliers are paid fairly.
- Every operator must pay the supplier a price equal to or higher than the effective cost of production.
- Selling to consumers below acquisition cost is considered unfair, except in special cases (e.g. perishable goods close to expiry), provided consumers are clearly informed
- Unfair practices are penalised with fines: including delayed payment; cancelling orders with less than 30 days notice; passing on losses or damages unfairly.

2.7 It's Time for Change

Retail is a vitally important lever in the government's strategic work to transform the food system. Even if they are better regulated, which they must be, supermarkets alone cannot transform food retail. Due to their ownership structure, our supermarkets are structurally bound to maximise profit above any other consideration: see Foodrise's partner briefing *Profit Over Purpose: Why supermarkets will make the Food Strategy fail*. They are inflexible and unresponsive to community needs; they cannot support the food sector to deliver all of the government's ten food strategy outcomes.

Rather, we need to embrace a more diverse "patchwork" of food provision in the UK. Investing in and supporting alternatives will rebalance power, allowing citizens, farmers and producers to be brought into the centre of the food system. Now is a critical time for the government to back reforms to give people more power to transform their high streets and communities. With government support, a range of diverse food retailers will protect the NHS through improved diets, will shift food culture for the next generation, will develop a sustainable food supply and reduce waste, and will improve economic and food resilience across all four nations.

3. Alternatives are making good food accessible

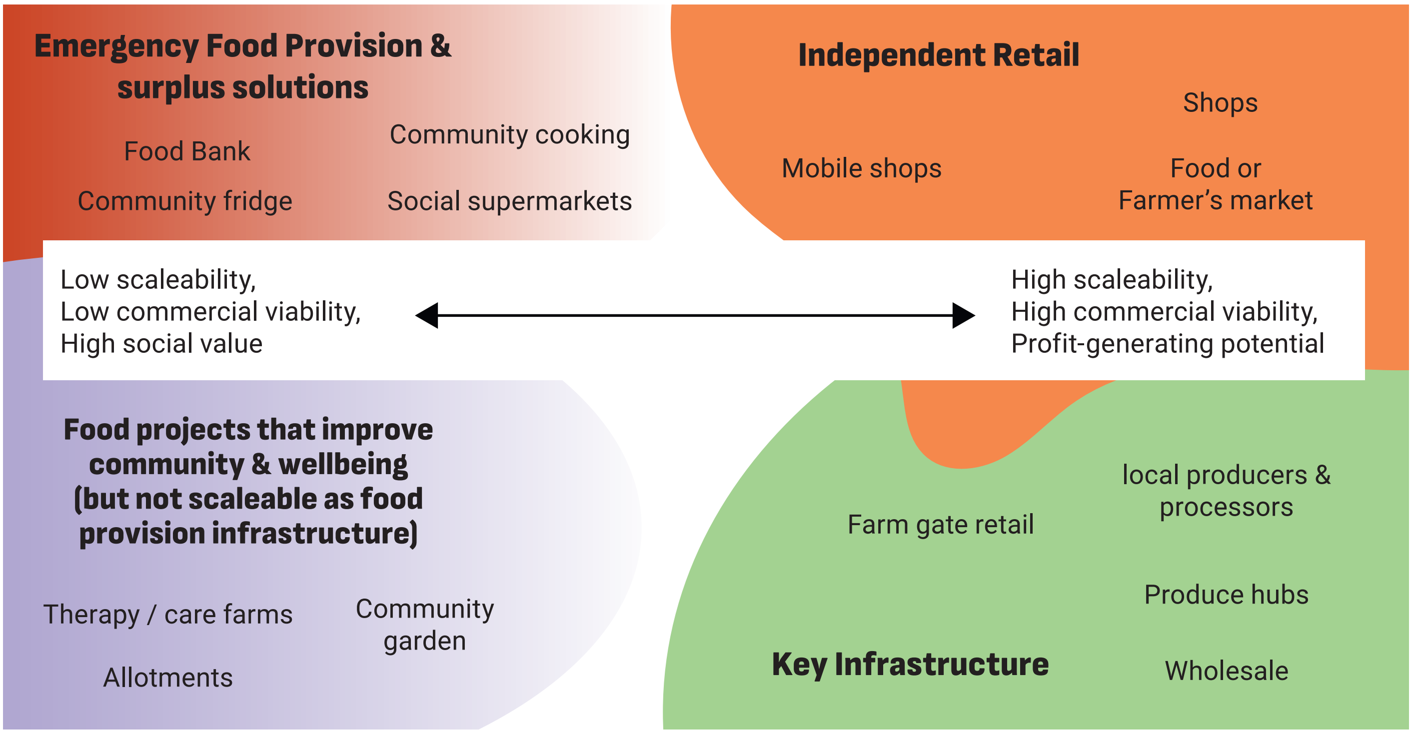
3.1 Alternatives to supermarkets already exist

Supporting a thriving independent UK grocery sector is vital to deliver the transformative change we need in our food system.

The next section of this report outlines the potential of an independent food retail sector that serves local communities. To create a successful and diverse retail environment, business models and ownership structures must be community-centred; appropriate to their local contexts, capacities and opportunities. This can include social enterprise and cooperatives, and privately-owned small businesses. Some of the well-tried and tested retail alternatives to supermarkets are:

- Independent shops (Online and Bricks and Mortar)
- Farm gate retail (farm shops, veg schemes, vending machines)
- Mobile shops, or ‘veggie vans’
- Distribution centres, or ‘food hubs’, selling wholesale and to the public
- Food or farmers’ markets
- Social supermarkets

Figure 2: Community Food Action to Independent Food Retail



Source: Hattie Hammans.

The above ‘retail and food provision alternatives’ can be plotted along a spectrum, which outlines their degree of income generation and/or reliance on donations or funded support. (see Figure 1). Food aid projects, such as food banks and community kitchens, lack business income generation. They have very high social value, similarly to other food projects like community gardens and allotments but are not widely scalable as a source of food provision without financial support. We must move away from the food surplus redistribution model.[27] Drawing on and extending Professor Megan Blake’s Food Ladders framework, the independent food retail spectrum demonstrates that models of independent food retail such as shops, farm gate retail and food markets can generate income, profit and have a high social impact. The following case studies will outline these scalable models in practice.

For more detail on our breakdown of alternative retail models, examples and their unique characteristics, benefits and challenges, see Appendix 1.[c] At present, thousands of independent retailers in these categories, including Better Food Traders, already serve local communities with fresh, sustainably produced fruit and vegetables across the four nations of the UK, operating as sole traders, limited companies, cooperatives, charities and Community Incorporated Companies (CICs).[28]

These businesses are considered small and medium enterprises (SMEs) by the government's definition - employing fewer than 250 staff FTE and less than £44 million in annual turnover. In practice, local food retail operates at a much smaller scale: a flourishing independent retailer serving between 400 to 1,000 people a week is likely to have an annual turnover of £4,000 to £1 million.[29] At this scale, under either local or community ownership, food retail is well-placed to address the shortcomings of the dominant large supermarket model.

To gain insight into the state of retail beyond the supermarkets, we surveyed SMEs across the UK who are pioneering healthy and sustainable food for local communities. For the methodology of the survey, please see Appendix 2. We also draw on a forthcoming study by Foodrise, featuring in-depth primary data from the Queen of Greens mobile grocer. This is supplemented with published evidence from academia, think-tanks and other non-governmental organisations in the food sector.

3.2 Alternative food retail delivers benefits through food

Unlike the supermarket model, alternative food retail creates value well beyond the checkout: it can reduce health inequalities, support the environment, grow local economies and strengthen food security. A conservative estimate considers each £1 spent at the largest organic food market and sister veg box scheme as providing £3.73 of benefits for the local economy, community and nature.[30]

Investing in fresh, organic, local produce generates co-benefits across policy areas, meaning that a single intervention can simultaneously improve diets, strengthen local economies, and protect nature and our climate. In this way, investment in local food creates ripple effects and delivers multiple returns.

3.2.1 Independents can increase Fruit and Vegetable intake

Retail alternatives have been shown to improve diets by increasing fruit and vegetable intake and guiding consumers to make better food choices. Community research demonstrates this clearly: in Liverpool, 95% of customers surveyed by Feeding Liverpool agreed that a new, independent greengrocers had increased the amount of fruit and vegetables eaten by their household.

Similar outcomes were observed in Hackney, London, where customers surveyed at a fruit and vegetable box scheme and local food market in Hackney reported eating more fresh produce, cooking more meals from scratch, and experimenting with new recipes.[31] These findings are reinforced by peer-reviewed studies, which confirm that alternative food retail is associated with higher fruit and vegetable consumption.[32]

c The wider third-sector and academic literature on this topic variously uses the terms local food or alternative food networks, giving space to many alternative food provisioning models. Despite their crucial role in the UK food system, dining & hospitality, emergency food provision and other food projects that do not provide significant or scalable food provision (e.g. community growing projects) are outside the scope of this report.

Case Study: The Queen of Greens

Liverpool's mobile greengrocer, The Queen of Greens, demonstrates how a flexible model of fruit and vegetable provision can deliver dietary impact for local communities.

The Queen of Greens is run as a social enterprise by Alchemic Kitchen CIC, a Foodrise project. They pay staff above Living Wage, and settle their supplier invoices promptly. They work closely with partners such as the Liverpool Food Alliance Feeding Liverpool, Alexandra Rose Charity and Liverpool Public Health. Three greengrocers visit 35 stops around Liverpool and Knowsley each week, including hospitals, medical centres, schools, community centres, and social housing sites. The social enterprise aims to provide access to fruit and vegetables for residents across the Liverpool City Region by bringing fresh, affordable produce to communities within areas described as food deserts.

One in three adults in Liverpool is food insecure, meaning food is a source of worry or there is a lack of consistent access to enough food for a healthy diet. 77% of Knowsley residents often struggle to reach shops selling fresh produce, facing a choice between expensive transportation to supermarkets or higher prices at local convenience stores with limited options.

The Queen of Greens serves as an innovative intervention, ensuring that residents in these underserved areas can access fresh produce regardless of their income or location. By selling affordable produce in loose quantities, the service minimises unnecessary costs for customers and reduces food waste.

Between April 2023 and April 2024, the buses served over 16,900 customers. The grocery is for everyone, but accepts Healthy Start and Alexandra Rose vouchers,[d] promoting accessibility for low-income households. The mobile service prioritises stocking local and seasonal produce, emphasising quality and variety.

A 2025 ethnography with users of the service demonstrated that the Queen of Greens is highly valued for its convenience, making healthy food choices more accessible whilst creating a sense of community. Its ability to help people save time and effort has made it a valuable service, contributing positively to the health and wellbeing of users. The Queen of Greens makes accessing fruit and vegetables easier and demonstrates that when produce is available, healthier food choices are made.

The evidence of the Queen of Greens' success is reinforced by a wealth of peer-reviewed studies, which confirm that mobile markets cause increases in vegetable consumption and, when scaled up, have the potential to reduce food and health disparities caused by the existing retail environments.[33] Investing in this retail model holds strong potential for high returns in the form of meeting the government's strategic goals. It is particularly successful in achieving healthier and more sustainable diets, improved household food security and local economic growth.

A diverse range of small and medium-sized food retailers across the UK have significant potential to reduce inequalities in access to fresh, healthy produce. Our survey found that veg box schemes, independent greengrocers and local markets improve access for those without cars, create affordable options through loose and weighed produce, and reduce waste.

Shopkeeper Ella of Beanies Wholefoods in Sheffield explained: *"We deliver across the city and the Peak District, including some of its most deprived areas… we enable people to shop for loose weighed produce, which means they can minimise food waste and get a variety of fresh food to a budget."*

Beyond access, these models often provide superior quality. Farmer Martyn of Shillingford Organics noted: *"We harvest early one day and sell them the next. Customers often remark how the quality and taste is far better than in supermarkets."* The availability of fresh and high quality vegetables is valuable to customers.

These examples illustrate how independent food retail is already delivering health benefits to communities, while supporting sustainability and local economies. With the right investment and policy support, these organisations could play a much larger role in creating the government's Good Food Cycle.

d The Rose Vouchers for Fruit and Veg Project helps families on low incomes to buy fresh fruit and vegetables and supports them to give their children the healthiest possible start. Since 2014, Alexandra Rose Charity has helped over 10,500 families access fresh fruit and vegetables in their local communities from London to Glasgow.

Policy Detail: Support independent, sustainable food retail

Community-led, independent food retailers like the Queen of Greens hold great potential in meeting the government's strategic goals for food. However, despite their social value, start-up costs and low margins make running a grocery business very difficult and threaten their survival.

Targeted financial support for independent food retailers that offer healthy and sustainable options is an investment with wide-ranging social and economic returns. This is a key step for policy-makers towards re-balancing the UK's retail sector and destructive food environment.

Actions:

- Develop a sliding-scale of business rates for food retailers based on their provision of healthy and sustainable produce.
- Establish an Incubator Fund for start-up community-led grocery businesses.
  - Wages are a huge cost for SME food retail. Finance could support salaries on a diminishing basis: for example, in year one, 60% of the salary is funded, year two 40%, year three 20%.
- Create a 'Community Food Pot' fund distributed by the local authority to businesses in the food partnership to develop their sustainable and healthy community food retail.

Policy Detail: Pilot Healthy & Sustainable Food Vouchers to incentivise shopping at SMEs

A national voucher scheme for fresh produce prescribed through health services to improve diets and cut NHS costs with incentives to use at local SMEs.

Actions:

- Create and resource a national pilot for prescriptions and vouchers for fresh produce via SMEs, similar to schemes like Healthy Start.
- Incentivise voucher use at local food retailers who sell a wide choice of fresh produce to strengthen local grocery sales.
- Prohibit public funded vouchers for specific supermarkets which limits choice for users and supports their dominance over the grocery market.
- Maximise voucher impact by safeguarding, where possible, their use for healthy and sustainable foods, such as fruit, vegetables, legumes, and wholegrains.

3.2.2 Independents are growing the sustainable food market

Despite only representing 3.3% of food retail in the UK, market analysis by Soil Association indicates that independent retailers are leading market growth in sustainable food,[e] at a rate of 9%.[34] In growing the market for sustainably produced food, they are significantly outperforming supermarkets: both in the value of sales and the total number of organic sales in the past year.[35]

Meanwhile, the appetite for organic and sustainable options is likely to grow. Research from Abel & Cole reports 42% of 18-24-year-olds buy organic at least once a month, making them 92% more likely to buy organic fruit and veg than millennials.[36] Sustainable food sales are growing despite huge barriers - including availability, price, and governmental support - because this is what people want. Significant growth could be unlocked with consistent and well-coordinated policy support.

Independent retailers demonstrate how we can reshape the food environment so that customers are encouraged to eat more sustainably - in particular by eating less meat, and swapping to more sustainable sources of protein. Some do this by removing meat altogether from their shelves and making plant-based foods more accessible: *"We don't sell meat! We're vegan and vegetarian specialists so we make that food widely available in our area – people also travel to us to shop for these products."* (Better Food Traders survey respondent). Others promote "less but better" consumption, guiding customers towards lower-impact alternatives.

Evidence reinforces these shifts: research from the New Economics Foundation found that customers of an organic retailer reduced their annual consumption by 61 portions of meat, 31 portions of fish, and 61 portions of dairy.[37] These examples show how alternative retail can support the government's ambition of shifting diets towards healthier and more sustainable protein sources.

e Using organic as a definition for sustainably-produced food, as this is the highest certification for responsible sourcing with a legal definition. Other production methods have climate and nature benefits, such as 'regenerative' or 'agroecological', but currency lack a standardised definition.

Case Study 2: Organic Wholesale

The future provision of sustainable food in the UK has been exemplified by two pioneering organic wholesalers working behind the scenes. East London's non-profit Better Food Shed and Manchester-based cooperative Organic North demonstrate both the feasibility of the non-profit wholesale model and the appetite for produce hubs to serve more communities of the UK.

Organic North is the UK's largest organic fruit and vegetable cooperative, based in Manchester's New Smithfield's Market. It eliminates waste in the supply chain by operating on a pre-order system. This ensures that produce is only supplied in line with demand. Operating as a not-for-profit cooperative, Organic North avoids shareholder pressures, keeping mark-ups low while paying staff fairly and settling farmer invoices quickly. This approach builds trust and stability along the supply chain.

The cooperative offers a large range of organic produce in the UK, including fruit, vegetables, dairy, bread, pulses, and ferments. Organic North prioritises seasonal sourcing that chooses produce from domestic and then European farms. Provenance is made transparent to customers through farm-level labelling, which improves trust in their supply. Organic North illustrates how independent retail can combine affordability, fairness, and sustainability while maintaining a competitive and resilient supply chain.

The Better Food Shed is a non-profit wholesale business which supports the growth of small-scale local food systems. The Better Food Shed is located just outside the London Low Emission Zone hub, in Barking.

Launched in October 2019, in six years it has achieved a step change in the supply of fresh organic produce into the box schemes in central London. Multiple direct marketing box schemes are able to connect with multiple suppliers, with dramatically reduced carbon footprint.

But the Better Food Shed is not about centralisation. As a not-for-profit organisation, the Better Food Shed can stay aligned to its founding values, supporting the business of the UK's producers, farmers and growers. It is committed to supporting small businesses run in an ecologically sound way and its purpose is to help build a more sustainable food system.

The Better Food Shed is a template for how to manage and co-ordinate the growth of home delivery of local and organic food in an urban context. Alongside being a physical hub that amalgamates and distributes sustainable food, it is also an information hub that co-ordinates supply and demand, drastically reducing food waste. Direct communication through the supply chain, coupled with pricing transparency, makes this food hub successful, and ensures that it can serve as a model for other regional supply chains to emulate.

This case illustrates how small and medium food wholesales can act as intermediaries for regional supply chains. Cooperatives, non-profit models and community ownership are particularly well placed to advance government objectives on health, sustainability and food resilience.

Policy Detail: Invest in Regional Produce Hubs to boost resilience infrastructure and sustainable supply chains

Wholesalers like Organic North and the Better Food Shed give sustainable food retail resilience and scalability. However, most UK communities are not yet served by regional produce hubs, making it challenging for independent retail to obtain a reliable supply of sustainable domestic produce.

In addition, produce hubs would boost regional and domestic produce infrastructure and supply chains, building the UK's food security for the future.

To improve the accessibility of sustainable produce across the UK and build resilience, policy-makers need to support better wholesale infrastructure. Targeting places with existing domestic production and burgeoning networks of supply could trigger a transformation in supply of sustainable produce.

Actions:

- Local Authorities to work strategically with existing Food Partnerships to map potential for municipal and regional non-profit produce hubs.
- Allocate funds to establish regional produce hubs in strategic locations, for example from the future replacement of the UK Shared Prosperity Fund. Aiming to serve all communities with sustainably produced fruit and vegetables.

Growing Communities all-organic farmers' market in Stoke Newington. Source: Growing Communities.

3.2.3 Independents strengthen Food Supply Resilience

There is untapped potential in regional networks of supply that could secure the future of domestic farming. Re-establishing domestic supply chains through alternative retail can provide farmers with fairer and more secure livelihoods, and shore up national food security.

Research shows that farmers earn, on average, three times more from alternative routes to market compared to selling into supermarkets, strengthening the viability of their businesses. [38] Independent retailers, especially cooperatives and non-profits, demonstrate that it is possible to embed fair trading practices: paying the price farmers set, committing to purchase plans, and paying invoices within two weeks.

These practices deliver tangible benefits. Surveyed farmers working with Hackney retailer *Growing Communities* reported a meaningful improvement in financial wellbeing (42%), greater job security (26%), significant business growth with average sales increasing by 87%, and improved recognition for their work (85%).[39] Importantly, the potential to expand alternative supply chains is substantial: a large majority of surveyed UK farmers would be interested in selling their produce more locally, if the right market opportunities existed.[40]

Additionally, a more diverse food retail landscape has potential to strengthen the UK's resilience to shocks. Peer-reviewed research shows that in 2020, local food retail was not only persistent in coping with disruption caused by the COVID-19 outbreak but also highly adaptable: rapidly moving online, reallocating staff, creating new supply chains, and expanding their customer base.[41]

This flexibility and speed stand in stark contrast to the rigidity of long, centralised supermarket supply chains, which struggled to adapt under pressure. Crucially, this adaptability is not only about "bouncing back" but about "bouncing forward": building transformative resilience that reshapes and strengthens our food system for the future.[42] However, small retailers need active support to deliver this resilience. Supporting independent and community-owned food retail should therefore be understood as a strategic policy opportunity, and an investment in national resilience against future shocks.

Case Study 3: Sarah Green's Organics

Farm Gate Retail has a proven record of resilience in the face of crisis. In the first six weeks of the COVID-19 pandemic, demand for veg boxes surged dramatically across the UK. Nationally, box schemes doubled sales (+111%) between late February and mid-April 2020, delivering an estimated 3.5 million boxes to households in just six weeks.[43]

Sarah Green's Organics is a family-run farm in Essex. Like many small businesses, Sarah rapidly expanded deliveries while managing farm labour shortages and school closures. Community support was vital: local volunteers stepped in, a chef joined the delivery team, and customers offered encouragement through drawings and letters.[44] In spite of the pressures the business faced, the farm remained committed to low-waste, seasonal, locally grown organic produce.

The COVID-19 shock demonstrates the resilience of short, local supply chains. Compared to supermarkets' centralised Just-In-Time systems, Sarah Green's Organics adapted quickly, expanding capacity, mobilising community support, and prioritising vulnerable households. However, the pressures also highlighted the barriers faced by farmers: small-scale horticulture receives little to no government subsidy, with many growers earning below minimum wage. Growing the market for sustainable, domestically-produced food by reforming retail would enable schemes like Sarah Green's to scale and meet surging demand in future crises.

Independent retailers have untapped potential to shore up national food supply resilience, but they need investment and supportive policy frameworks to unlock their full potential.

Policy Detail: Rebuild regional food supply and processing

The UK's domestic food production is made up of SMEs like Sarah Green's Organics. However, small producers are increasingly squeezed by a much smaller number of distributors, packers and retailers, leading, for example, to farmer protests and a vulnerable supply chain. Investing in domestic production and rebuilding a more diverse processing sector would shore up the resilience of the UK's food supply.

A resilient and sustainable food supply requires support for SME horticulture, grains and legumes production, traditional wild-catch fishers and small processors such as mills & bakeries.

The following actions have been adapted from proposals made by the Local Food Plan, an ambitious project aiming to develop and grow domestic food supply and retail by a coalition of NGOs: Sustain, Food Farming and Countryside Commission, The Landworker's Alliance, The Sustainable Food Trust and Pasture for Life.

Actions:

- Deliver a National Horticulture Strategy including:
  - Supporting sustainable domestic fruit and vegetable production to reduce import dependency.
  - Incentivising better wages and safe working environments in horticulture.
  - Supporting new entrants into horticulture, for example, training programmes, grants and/or loans.
- Invest in regional processing infrastructure where regional supply can meet demand: e.g. mills and bakeries.

Please see the Local Food Plan for more detail on the above policy proposals, which have been derived from extensive research into and with UK domestic suppliers.

For an example of an analysis of how regional supply can meet demand, see the Northern Food and Farming Network's Northern Menu.

3.2.4 SMEs are the backbone of Local Economies and Communities

There is a strong case for supporting the growth of SME food retail as a means to strengthen local economic development, neighbourhood cohesion and place-making. Research shows that locally-owned retail generates greater returns on local spending than national grocery chains, as value is retained locally through wages, supply chains, and services.[45]

In addition, SME food retail could support three times the number of jobs than national grocery chains: every £46,000 of turnover supports one job, compared with £144,000 for supermarkets.[46] For local authorities, this makes independent food retail an efficient target for place-based interventions such as business rate relief, tailored grant support and providing premises. If prioritised by local authorities, growth in locally-owned food retail could play a vital role in tackling regional economic inequalities across the UK.

SME retail and community-led food initiatives deliver a wealth of social value that has been thoroughly evidenced in academic research.[47] Studies consistently show that these models are uniquely positioned to revitalise healthy and sustainable food environments. Our survey demonstrated strong preliminary evidence that local retailers are prioritising consumer dialogue, rebuilding trust in supply chains, and creating spaces of social connection.

At Shillingford Organics in Devon, customers can directly influence what is grown on-farm. Martyn, the veg scheme operator and grower explained that “50% of our online shop customers order bespoke. We grow to what people want and adjust our cropping plan accordingly.” Food market operator Kylie at Bowhouse in Fife noted that “we have the opportunity to speak to our customers directly,” and another food hub operator described placing feedback cards in veg boxes to encourage ongoing dialogue. We want a food system where people – not corporations – decide what good food looks like. A system that rebuilds trust between producers and consumers, and builds pride in our localities through food.

Independent food retailers are local social hubs.[48] Shopkeeper Linda in Salford described running “Kids Krafty Fridays” with local artists and activists, creating new forms of community participation around food. Producers who sell directly into their communities reported similar effects: “Our customers have told us how much they appreciate having a local grower… Our volunteer sessions are also popular, as are our tours and events, where we get to share being on the farm with the wider community” (Kate at Grown Green, Wiltshire). In this way, community-led food retail supports not only healthier diets, local economic growth and meaningful employment, but also wider wellbeing and social cohesion.

Shillingford Organics farmers’ market in Exeter. Source: Shillingford Organics.

Case Study 4: Nottingham Mill Coop

Nottingham Mill Co-op is a non-profit flour mill and bakery kitchen located in Nottingham City Centre. Founded in 2021, the cooperative provides access to specialist milling and baking equipment, rentable kitchen space, peer mentorship, and training for small-scale producers working with grain, flour, and cereal-based foods at an affordable rate. Their vision is to use the space to support a growing network of SMEs in the region: farmers, bakers, pasta-makers and other grain processors.

Like many industries, in recent years the flour milling industry has continued to consolidate. The four largest companies account for approximately 65% of UK flour production.[49] Recognising a need for local milling to improve grain diversity, supply resilience and the health of consumers, Nottingham Mill Cooperative invested in a small stone mill to enable them to buy direct from local farmers using sustainable production methods, giving producers a fair price. The stone mill is also more effective at preserving the nutritional value of the milled grains and delivers healthier flour products.

However, the growth of community-owned businesses like Nottingham Mill Co-op is constrained by limited access to affordable, appropriately sized food processing and retail space. Growing high street rents and planning policy focused on conventional retail models limit the ability of ventures like Nottingham Mill Co-op to scale community-owned food infrastructure.

Enabling networks of micro-processors and independent retailers requires planning reform that prioritises flexible, affordable food-related space. Local authorities could adapt planning frameworks to prioritise healthy and sustainable food processors and retail.

Policy Detail: Use planning powers to prioritise space for sustainable & healthy food retail

As Nottingham Mill Coop demonstrates, networks of processors and retail can secure economic growth in local communities, with rippling co-benefits across the food strategy outcomes.

However accessing space to deliver these vital community functions remains a challenge for SME food retail. Policy-makers at the national, regional and local authority level can address this through the following actions:

Actions for National Government:

- Reform planning regulation in England to support healthy & sustainable food outlets.
  - Incorporate food resilience recommendations into planning frameworks
  - Include a local competition test with weighting towards independent & community-based grocery.

Actions for Local Authorities:

- Integrate under-utilised retail spaces for food processing and retail into Spatial Development Strategies.
- Leverage vacant retail spaces for permanent retail and weekly food markets.
- Apply Community Infrastructure Levy (CIL) and Section 106 to fund local food infrastructure.

3.3 SMEs open the door to sustainable food for everyone

Food outside the supermarket - particularly organic produce - is frequently assumed to be expensive. Supermarkets have enabled this by adding an additional premium to sustainable and organic produce.[50] This perpetuates the damaging perception that this market is 'niche' and just for middle-class consumers. It unnecessarily excludes many communities from the benefits that small retail provides. In reality, many independents - in the Better Food Traders network and beyond - deliberately aim to serve lower-income communities. For example, Unicorn Grocery in Manchester has spearheaded an initiative to effectively communicate where they price match supermarkets.[51] Our survey found that retailers intentionally opened their doors in lower-income neighbourhoods to improve their access to fresh fruit and vegetables.

Additionally, our survey found that independent retailers are offering adjustments to improve affordability for those with limited budgets. These include smaller pack sizes or loose produce which allows people to choose tailored quantities; local walkable access and home delivery to reduce transport costs; and higher quality produce which lasts longer at home and builds long-term health benefits. This evidence is supported by a recent survey of Queen of Greens customers, in which 86% of customers agreed or strongly agreed that the grocery saved their household money on the weekly food shop.

Nevertheless, independent food retail is still criticised as being less affordable than supermarkets. It is true that most independent outlets cannot currently compete on the low supermarket prices for vegetables and other basic items such as milk, but these prices do not reflect the true cost of production of these goods.

Independents have to compete in a market where supermarkets' pricing strategies lower the price of basic items, because they are chosen as 'loss-leaders'. This practice has hidden costs, particularly to our food security, climate and nature, which have been thoroughly documented in the governments' own reports and reviews.[52] Stronger regulation on fairness in the food chain would address this. Furthermore, there is great opportunity for independents in the future to compete on price. With investment in alternative supply chains and local food infrastructure, efficiencies could be achieved. With the right support, for example, business rate relief, small grants, and subsidies for fruit and vegetables, SME retail can serve a much wider customer base and act as a community-led tool to tackle food insecurity.

3.4 Survey results: Back stressed SMEs with investment, local supports, and levelling the playing field

As part of this research, we conducted some scoping research with independent retailers. Further detail on the methodology of this survey can be found in Appendix 2. Better Food Traders surveyed a mixed sample of 17 owners and staff of independent UK businesses. Quotations from this survey can be found throughout this report. In addition, respondents offered personal perspectives of the challenges presently facing independent food retail:

"It's an extremely difficult time for micro businesses and nothing in government policy seems to support us in any way at all. Business rates have risen and are applicable according to the rent a business pays, utility bills are still high too and the VAT-free ceiling of £90,000 is a horror waiting in the sidelines"

Linda at Deli Lama Community Coop, Salford

"We are a successful business on our own terms and we just need a fair playing field."

Ella at Beanies Wholefoods, Sheffield

"Much of the daily stress and strain in running the hub comes from the challenges of running a business with a small team, supported by volunteers, who can only be paid marginally above minimum wage. These challenges can only be addressed by policy changes that directly lead to income generation (by increasing volume or grants) that allow us to directly invest in the paid staff."

Food Hub operator, South West Scotland

In the survey, we proposed seven new policies for respondents to indicate how impactful they felt it would be for their SME grocery business. The policies were:

1. Bring healthy & sustainable food higher up Local Authority agenda
2. Offer under-utilised land/retail spaces for food production, processing, or retail
3. Fiscal support, e.g. No or Low business rates for sustainable & healthy food businesses
4. Invest in sustainable production, processing & logistics infrastructure
5. Link social prescribing initiatives to sustainable food SMEs
6. National regulations to improve fairness in the food chain
7. Stronger regulation on sustainability, health, and nutrition across the supply chain.

This range of seven policies aimed to indicate a preliminary selection of possible government levers to rebalance power in the retail sector and address barriers for sustainable food, such as supply (Invest in sustainable production, processing & logistics infrastructure) and demand (Link social prescribing initiatives to sustainable food SMEs).

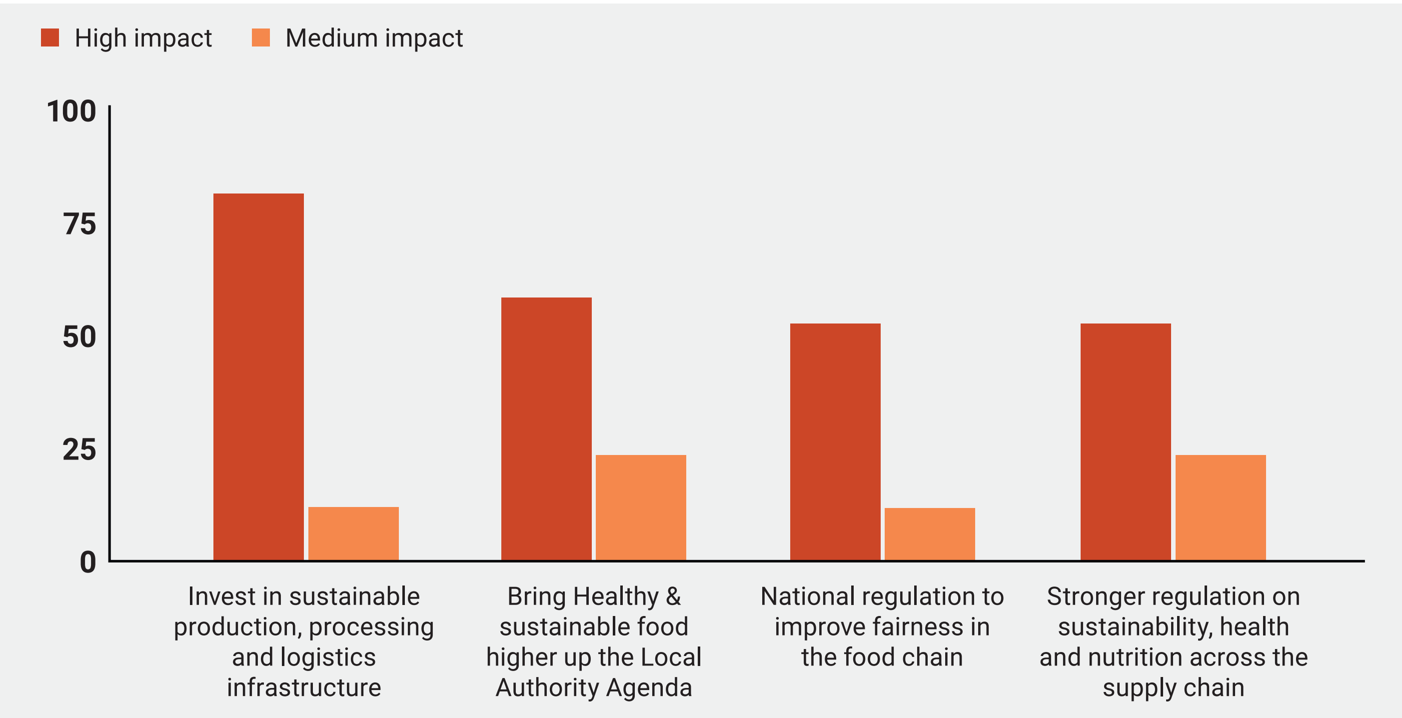
Of the above policies, the ones rated the highest impact were:

- Invest in sustainable production, processing and logistics infrastructure
  - 82% (or 14 of 17) respondents voted **high impact**
- Bring Healthy & sustainable food higher up the Local Authority Agenda
  - 59% (or 10 of 17) respondents voted **high impact**
- National regulation to improve fairness in the food chain
  - 53% (or 9 of 17) respondents voted **high impact**
- Stronger regulation on sustainability, health and nutrition across the supply chain
  - 53% (or 9 of 17) respondents voted **high impact**

The chart below visualises the four policies that respondents selected as highest impact for their business.

This scoping research indicates that supply and local political support are sites of the highest impact for SMEs, but it is incumbent on the government to commission further research with input from a larger sample of sustainable food SMEs.

Figure 2: Policy to support SME food retail
Selection of four highest polling policies amongst a sample of 17 sustainable food businesses



4. Policy Proposals: Full Technical Detail

4.1 Regulate Supermarket Food Retail for Fairness, Sustainability and Health

Mandate for healthy and sustainable food progress from retailers

Stronger regulation on sustainability, health, and nutrition across the supply chain to shift the market towards a Good Food Cycle.

Actions

- Mandate transparency from retailers on progress towards sustainability and nutrition goals.
- Standardise climate commitments, particularly in monitoring Scope 3 emissions and in line with Climate Change Committee recommendations
- Mandate retailers to transition 50% of protein sales in weight to plant based by 2030, through legumes, nuts, seeds and vegan alternatives.

Incentivise healthy and sustainable food purchases

There is strong public support for a salt and sugar tax if revenue is used to reduce the cost of healthy foods.[53]

Actions

- A salt and sugar tax, extended to items with the highest environmental footprint.
- Ringfence sugar tax revenues to subsidise healthy & sustainable items, e.g. wholegrains, legumes, fresh fruit and organic produce, to make them more affordable.

Legislate a Food Chain Law to protect farmers and suppliers

A new Food Chain Law, like that in Spain,[54] to stop supermarkets selling below cost and to ensure farmers and suppliers are paid fairly.

Actions

- Every operator must pay the supplier a price equal to or higher than the effective cost of production.
- Selling to consumers below acquisition cost is considered unfair, except in special cases (e.g. perishable goods close to expiry), provided consumers are clearly informed
- Unfair practices are penalised with fines: including delayed payment; cancelling orders with less than 30 days notice; passing on losses or damages unfairly.
- Strengthen the remit of the Groceries Code Adjudicator to include indirect suppliers.

4.2 Support independent, sustainable food retail

Strategically invest in sustainable food grocery projects so communities can nourish themselves.

Actions:

- Provide business rate relief for independent healthy/sustainable food start-ups.
- Establish an Incubator Fund for start-up community grocery businesses.
  - Wages are a huge cost for SME food retail. Finance could support salaries on a diminishing basis: for example, in year one, 60% of the salary is funded, year two 40%, year three 20%.
- Create a ‘Community Food Pot’ fund distributed by the local authority to businesses in the food partnership to develop their sustainable and healthy community food retail.

4.3 Pilot Healthy & Sustainable Food Vouchers to incentivise shopping at SMEs

A national voucher scheme for fresh produce prescribed through health services to improve diets and cut NHS costs with incentivisation to use at local SMEs.

Actions:

- Create a national pilot for prescriptions and vouchers for fresh produce via SMEs, linked to schemes similar to Healthy Start or Liverpool's Healthy Boost scheme.
- Incentivise voucher use at local food retailers who sell a wide choice of fresh produce to strengthen local grocery sales.
- Prohibit public funded vouchers for specific supermarkets which limits choice for users and supports their dominance over the grocery market.
- Maximise voucher impact by safeguarding, where possible, their use for healthy and sustainable foods, such as fruit, vegetables, legumes, and wholegrains.

4.4 Invest in Regional Produce Hubs to close the sustainable food accessibility gap

National and local investment to target underserved areas, so every community has equal access to innovative produce hubs; meanwhile supporting & connecting farmers to communities, boosting infrastructure and supply chains to build food security.

Actions:

- Local Authorities to work strategically with existing Food Partnerships to map potential for municipal and regional produce hubs.
- Allocate funds, e.g. from the future replacement of the UK Shared Prosperity Fund, to establish regional produce hubs in strategic locations, aiming to serve all communities with sustainably produced fruit and vegetables.

4.5 Rebuild regional food supply and processing

A resilient and sustainable food supply requires support for SME horticulture, grains and legumes production, traditional wild-catch fishers and small processors such as mills & bakeries.

Actions:

- Deliver a national horticulture strategy including:
  - Supporting sustainable domestic production of plant based foods - in particular vegetables, pulses, legumes, fruit, nuts, seeds and wholegrains - to reduce climate impacts, reduce import dependency and improve diets.
  - Incentivising better wages and safe working environments in horticulture.
  - Supporting new entrants into horticulture, for example, through training programmes and grants.
- Invest in regional processing infrastructure where regional supply can meet demand: e.g. mills and bakeries.

4.6 Use planning powers to prioritise space for sustainable & healthy food retail

Planning rules to prioritise retail units and community spaces for local food businesses that deliver health, sustainability & resilience.

Actions for National Government:

- Reform planning regulation in England to support healthy & sustainable food outlets.
  - Incorporate food resilience recommendations into planning frameworks
  - Include a local competition test with weighting towards independent & community-based grocery.

Actions for Local Authorities:

- Integrate under-utilised retail spaces for food processing and retail into Spatial Development Strategies.
- Leverage vacant retail spaces for permanent retail and weekly food markets.
- Apply Community Infrastructure Levy (CIL) and Section 106 to fund local food infrastructure.

4.7 Public Procurement of Sustainable Food through local SMEs

Increase sustainable grocery sales through SMEs by facilitating their participation in public procurement.

Actions:

- Mandate 50% sustainable food in line with manifesto commitments, with sustainability defined by production methods and fair practices, not just 'local' or 'British' origin alone.
  - Update UK Government Buying Standards definitions of "locally produced" food to require that food is both produced in the UK and either sourced from an SME (small or medium enterprise) or bought through direct-to-farmer supply chains.
  - Standardise definitions for and prioritise sustainable production methods, fair buying practices and fair wages throughout the supply chain., rather than 'local' food.
  - Update UK Government Buying Standards and develop a weighting matrix favouring local, sustainable SMEs via additional scoring for social/environmental/health outcomes.
  - Remove requirements for high-emissions foods to be served – such as the requirement for meat to be served three days per week in schools.
- Open public procurement up to be accessible for small and medium enterprises (SMEs).
  - Simplify tender bids and provide SME guidance/support for navigating tender and bidding processes.
  - Facilitate lot-sizing of contracts, foster the development of cooperatives, and/or create Dynamic Purchasing System processes to allow contracts to be fulfilled by a mixture of different suppliers.

5. Next Steps for Policymakers & Campaigners

The UK's diets cannot be left to the unchecked power of only ten businesses. We have outlined a solution for diversifying retail and empowering local communities to nourish themselves. The retail landscape can be transformed through a suite of complementary policies, some of which can be employed immediately and others that will deliver in the medium to long-term.

The political appetite for retail reform is high, with a public mandate, a growing base of evidence and the government's food strategy in an early phase. With the right investment and regulation, the UK can become a leader in fair, sustainable food retail that drives growth and resilience through nourishing diets.

Unlocking progress for UK diets through retail will require a strategy that combines quick wins, medium-term reforms, and long-term systemic change. Policymakers and campaigners can use the current moment to push for interventions that deliver the government's strategic goals of fairness, sustainability, resilience and economic growth.

Quick wins

Local authorities can use existing levers immediately. Councils can deploy business rate relief, small grants, and channel existing funds to back independent food retailers, partnerships and regional produce hubs. Vacant high-street retail spaces can quickly be repurposed for weekly markets or community grocery stores, signalling visible progress at neighbourhood level.

Medium-term reforms

Planning and fiscal policy can reshape the retail environment within three to five years. National government should reform planning rules to prioritise space for sustainable, healthy food outlets. Regional food resilience can be built into spatial development frameworks. Fiscal measures such as an Incubator Fund for community grocery start-ups or salary support for SMEs would level the playing field with supermarkets. At the regional level, the replacement for Shared Prosperity Fund allocations could finance municipal and regional produce hubs, building a stronger infrastructure for sustainable supply chains and closing the existing regional gaps of access to sustainable fresh produce.

Long-term interventions

Structural and cultural change in the grocery retail landscape requires rebalancing power across the supply chain. A UK Food Chain Law, modelled on Spain, would prevent unfair practices by supermarkets and guarantee farmers are paid fairly. At the same time, stronger national regulation on health and sustainability standards, including mandatory Scope 3 emissions reporting, transparency on retailer progress, and a target for 50% of protein sales to be plant-based by 2030 would be effective in shifting the food environment towards the "Good Food Cycle" outlined in the government's food strategy. Coupled with fiscal levers like a salt and sugar tax with revenues ring-fenced for healthy food subsidies, these measures would contribute to systemic change in food retail.

Systemic Change

As outlined in the sister report, Profit over Purpose, the ownership structures of supermarkets make them structurally bound to maximise profit, above any other consideration, including public health, the environment and food security. The government should facilitate a shift towards regulatory and financing arrangements that enable supermarkets to become part of the solution in the short term, while working longer-term to dismantle their hegemony within the UK's food sector.

Timing and opportunity

These proposals are aligned with Labour's five missions and focus on developing the food strategy. Councils eager to demonstrate change can start with quick wins, while national policymakers prepare the ground for medium and long-term reforms. Campaigners should position food retail as a strategic lever for economic growth and public health and press the Ministry of Housing, Communities and Local Government to prioritise space for independent grocery in the 2025 planning reforms; and use the next Budget cycle to press for fiscal incentives.

Appendix 1: Independent, sustainable retailers typology and examples

Type	Detail	Examples	Challenges & Policy ask
Distribution centres, or 'Food hubs'	Delivery to home or to local drop off points. Can operate at a very local level, or up to a regional or national scale. Can be national and focussed on providing specific products sustainably, for example, fishmongers (Sole of Discretion) or beans, pulses & grains (Hodmedods)	This is very well tried and tested: successful case studies in urban places include Growing Communities, Beanies in Sheffield and more rural Cambridge Organics, and online distributors (Hodmedods, Sole of Discretion) Also can be framed as networks of producer cooperatives, or Hives: 'La Ruche qui dit oui!' in France	Start-up hubs need to make sufficient sales to generate income and cover their costs. The market for sustainable domestic produce needs to grow to make the business model viable in all parts of the UK.
Shops	Brick and Mortar, Online, or both. Included as separate category because they offer people a familiar shopping experience, one stop shop, and convenience.	Carrickfergus Greengrocers	Business model requires long opening hours, driving up labour costs.
Farm Gate Retail	Farm shops; Veg box scheme; Community Supported Agriculture (CSA); Vending machine. Direct retailing or CSA models can be a huge support for primary producers.	OrganicLea (London); Shillingford Organics (Exeter).	Have strong limiting contextual factors: mainly size & location. Labour is a huge challenge for small farms.
Mobile shops, or 'veggie vans'	Often a focus on fresh fruit and vegetables.	Queen of Greens (Liverpool City Region)	Less tried and tested in the UK, but high potential to meet food strategy goals.
Food or Farmers' markets	Provide a route to market for local, small-scale producers.	Cardiff Farmers' Market	Finding and securing a central site in a town or city; Deficit of local producers to sell their products.
Social supermarkets	Community hubs that offer cheaper food and life products, as well as services, from donated surplus items. Not restricted like a food bank: not for 'emergency use'. In some cases, already have local government support.	Peckham Pantry. Coventry social supermarket.	At present, not supplied by sustainable producers; their contribution to sustainability is from redirecting surplus from becoming food waste.

Appendix 2: Survey Methodology

Respondents

To inform this report, we conducted a structured survey of 201 independent and sustainable food retailers across the UK. The invited sample were retailers in the Better Food Traders network. The standards for joining Better Food Traders is a commitment to sustainable sourcing and community engagement. This ensures the sample is only independent retailers who are committed to these principles.

Survey Design

The survey was designed to capture both quantitative and qualitative data on business models, community engagement, supply chain practices, and social and environmental impacts. Questions combined closed-response formats (multiple choice) to generate comparable statistics, and open-ended questions to capture detailed case examples.

Dissemination

The survey was distributed via email, the Better Food Traders peer-to-peer network, Instagram and Facebook between 25th August 2025 and 12th September 2025, and received 17 valid responses.

Responses

While the sample is not statistically representative of the entire sustainable independent food retail sector, it provides a robust cross-section of diverse enterprises operating in urban, peri-urban, and rural contexts across the four nations of the UK. Responses were anonymised where requested, and illustrative quotations are included in the report to highlight key themes.

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Foodrise is a charity transforming the food system for climate, nature and justice.

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