



FRC Food Policy Guidance Note

Revitalising local economies: How food hubs can help

Purpose of this Guidance Note

This Guidance Note has been written for local food entrepreneurs, third sector workers, policy makers and funders who are interested in strengthening the infrastructure of local food systems. Drawing on academic research, a survey of UK food hubs and feedback from hub operators, it provides information on what food hubs can do, how they can do it, and what works and what doesn't, when it comes to setting them up and keeping them going. The Guidance Note is based on the FRC Discussion Paper '[Food Hubs in the UK: Where are we and what next?](#)'.

What are food hubs?

Broadly speaking, food hubs sit between people who grow food and people who use it, gathering produce from growers and distributing it either to commercial customers or directly to consumers. What distinguishes them from mainstream markets and retailers is that they often work within an explicit set of ethical priorities. They may support small-scale growers or businesses by working towards paying fair prices or helping them to reach new markets; they may help start-ups to find customers or help consumers to find fresh, local foods. In addition, some hubs use food-related activities as a gateway to providing other community services. Hubs can be physical spaces or virtual platforms, and beyond providing a place where food transactions take place, they can provide services such as collection, delivery, order and supply chain coordination, packaging and logistics on a commercial basis, as well as engaging in non-commercial activities such as food aid distribution or food education.

Why this matters

Food systems are under pressure from government, advocacy groups and the public to transform, in order to reduce the adverse climate and environmental impacts of prevailing production and distribution methods, and to make sustainably produced, healthy foods, especially vegetables and fruit, more readily available to consumers at prices they can afford. The current system is dominated by large-scale farmers, manufacturers and retailers, which have squeezed local distribution systems and imposed standardised demands on producers, which smaller-scale enterprises are not able to meet. Food hubs have been proposed as a way to help rebuild local food infrastructure, establishing more direct links between producers and customers, potentially reducing food miles and costs, and enabling a greater diversity of producers to flourish.

Recommendations

We investigated food hubs in the UK (where they are often at least partly supported by grant funding) and in the US (where they generally aim to operate on a commercial basis, although they have received significant state support). We found that although the diversity of hubs meant they faced different challenges, some advice seemed to apply across the board. For example, many hubs needed to be able to blend paid and volunteer labour; they had to balance complex supply and demand variations on a daily basis; and achieving stability of funding was a universal preoccupation. The guidance distilled here covers some of the issues raised most frequently during the research. Recognising that most food hubs aspire to be financially self-sufficient, it includes advice on how to achieve this, based on the US experience.

Hard-won tips from food hub operators

Setting up: It is important to understand the needs the food hub is trying to fulfil and design operations and finances accordingly. Those needs may not necessarily be met by a physical food hub. Partnerships and collaborations among local stakeholders are key and a source of strength to food hubs. Buy-in from the local community is crucial, because this is where your customers and volunteers will come from. Your physical space will determine what you can do: the smaller it is, the fewer producers and products you will be able to handle. Food hubs may be viewed as a threat to local shops, but can mitigate this by working with them rather than competing (for example by buying specialities and selling them on, thus using the hub to increase sales). Tackling poor diet and inequitable food access is an important driver for many food hubs, and can potentially be cross-funded by other activities.

Day-to-day operations: Staff and volunteers with various sorts of knowledge will be needed, including administrative, organisational and IT abilities, as well as practical skills like driving. Expertise in writing funding applications is useful. Tech / IT is an ongoing challenge: consumers have high demands of delivery services and online platforms, and complex (costly) software or a genius with a paper spreadsheet will be needed to manage the flow of foods through hubs. Strategies to balance supply and demand include developing prepared foods (such as healthy ready-meals) to use up gluts, or initiating 'donate-your-box-while-on-holiday' schemes to compensate for periods of low demand.

People: Staff hours may need to be increased (with associated costs) if demand is higher than expected. Volunteers – especially where you are relying on them to perform certain functions – may need more support than you anticipate. You will need to consider how to support internal capacity building, especially to empower people with skill and ambition who may have had poor access to opportunities.

Finance: Running a food hub is a high-cost endeavour, and profit margins are slim. If the prices you are charging are not in line with

customer expectations, and/or ordering and delivery are too complicated compared with other methods of shopping, most customers will not choose to shop loyally. Deposits & advance payments are an important source of revenue to the operation of a food hub. Grant funding is a difficult area to navigate and much time can be spent looking for funding rather than improving service provision. You should budget for higher legal/professional advice costs than you think you will need.

For hubs looking to become self-financing

Four elements are critical to the successful commercial operation of a food hub: customers, services, products and suppliers. Decisions made in these areas determine whether the hub can achieve financial viability.

Customers: To thrive, food hubs should avoid having just one type of customer. Instead, they should aim for a variety, including caterers; direct-to-consumer schemes (such as box-schemes); institutional customers such as universities, schools, nurseries, care homes and hospitals; shops and supermarkets (local and national); and food processors. In the UK, box-schemes and Community Supported Agriculture initiatives usually supply themselves from farmers and wholesalers. But sometimes these supplies run out or are of poor quality, and a local hub could fill the gap. Public-sector catering is underexploited by alternative supply chains in the UK, partly because of the way tender processes are set up by local and national authorities.

Services: The basic function of a food hub is to 'aggregate' food (i.e. gather it from different sources) and distribute it. This requires infrastructure such as a warehouse and vehicles, and the challenge is to cover the costs of this infrastructure from the revenue generated from aggregation and distribution. Two solutions have been identified. One is to coordinate rather than operate the supply chain. This means that instead of renting and running the warehouse and vehicles, the hub manages the supply chain and leaves the physical logistics to a contractor. The second solution is to cross-subsidise

infrastructure costs from other activities. In one US example, a food hub financed its activities by running a commercial distribution service under contract for a national organic brand.

Products: Food hubs can meet the needs of growers, processors and customers in different ways. Some offer a broad range of goods or services, while others specialise. For example, one US cooperative focused on supplying only spring greens, sweet potatoes and green beans to school districts and shops in its local area. It had recognised that these products were culturally appropriate for the region, could be grown all year round, and could be processed in a way that was attractive to school food buyers and consumers. While the interest in food hubs in the UK has been driven by the fresh produce sector, there is potential to involve other producers, such as bakers, brewers, livestock farmers, cheese makers and food processors.

Suppliers: To trade in volume, food hubs must build 'values-based supply chains', where actors work in partnership to create supply chains that benefit suppliers, buyers and customers and meet their ethical principles. This collaborative practice has highlighted the need for relevant skills on the part of both suppliers and food hub operators. Farmers need to have the planning ability and operational knowledge to fulfil orders reliably; and to support them effectively, hub operators require skills in supply-chain coordination and operations such as processing, warehousing, marketing and strategic planning. It is crucial for the food hub to establish good relationships with suppliers and buyers, and to build extensive networks which can help match growers with buyers. Research suggests that this experience cannot always be learned 'on the job' at a food hub, and may have to be bought in (through direct employment or consultancy) from the mainstream food sector.

What we did

We conducted a series of UK stakeholder workshops, organised in collaboration with the civil society network Sustainable Food Cities; reviewed academic literature on food hubs in the US (where they have been extensively studied); and used findings from food hub user and operator surveys in the US and the UK. The research was carried out from 2017-2019.



FOOD RESEARCH COLLABORATION

an initiative of the

Centre for Food Policy

Educating, researching & influencing
for integrated and inclusive food policy

The Food Research Collaboration is an initiative of the [Centre for Food Policy](#), City, University of London, facilitating joint working between academics and civil society organisations to improve the UK food system.

We are grateful to the Esmée Fairbairn Foundation for funding our work.

© This report is copyright of the authors

Paola Guzman, Christian Reynolds, Rosalind Sharpe (2019) Revitalising local economies: how food hubs can help. Food Research Collaboration Food Policy Guidance Note No.2.