



**Co-operative Party**

# **Building Resilience**

The case for  
co-operative  
agriculture

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The case for co-operative agriculture

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We live in an era of instability. Tariffs, trade wars and economic shocks to the systems we should be able to rely on have become commonplace. The long shadow of privatisation means that British taxpayers pay billions of pounds to shareholders for basic utilities and services, many of which are based oceans away. Our ability to feed ourselves as a nation currently relies on a complex supply chain heavily reliant on imports from abroad. And in recent years, we've seen more extreme weather as a direct result of climate change piling yet more pressure on our farmers.

At the time of writing, the ongoing shockwaves from the Iran conflict have exposed the deep interdependence and fragility of the systems that underpin our everyday lives. What begins as a seemingly distant geopolitical conflict quickly leads to rising fuel costs, disrupted fertiliser supplies and ultimately higher food prices, all of which shape and change the daily lives of working people. And like so many things, these failures in our food supply chain will always hurt the poorest the hardest.

This is the political economy of food laid bare, a system that has become dependent on long supply chains which is becoming increasingly vulnerable in an ever more volatile world. But with crisis comes opportunity. Rarely is there greater public consent for radical change than at times when the status quo is failing. And yet, too often, we let these moments pass us by, missing opportunities to unpick entrenched systems and fight for something better.

And so this moment demands a shift in perspective, not a doubling down of the status quo. This report argues that agricultural co-operatives offer a practical and potentially transformational response to this crisis - a modern institutional model capable of redistributing power through our food system. By enabling farmers to pool resources, share risk, and invest collectively, co-operatives reduce exposure to volatile input markets and strengthen bargaining power across the supply chain. They create the conditions for shorter, more resilient supply networks, and for greater retention of value within rural economies. And in doing so, they align economic resilience with democratic ownership.

Crucially, co-operation is a form of strategic resilience. In a world where fertiliser supplies can be disrupted and energy costs can spike overnight, the ability to coordinate, adapt, and invest collectively becomes a matter of national strategic importance. Networks of co-operative producers are better placed to manage shocks, maintain production, and transition towards lower-input, more sustainable systems.

The expansion of agricultural co-operation must be understood not only as an economic opportunity, but as a political imperative. It speaks directly to the need for a more secure, more democratic, and more sustainable food system, one less exposed to the volatility of global markets and the instability of geopolitical conflict.

So much of this seems obvious. There's a reason co-operatives are so prevalent in UK agriculture already, the model naturally lends itself to sharing costs and spreading risk, making the day-to-day fundamentals of farming more efficient. And yet, as with co-operatives across the economy, a lack of awareness, institutional support and development has held the model back.

This report sets out the untapped potential of agricultural co-operatives to strengthen our food system and deliver a better deal for British farming. It outlines the ways in which the co-operative model can help government reach its ambition for British agriculture. And fundamentally, it makes clear that co-operatives are key to building the resilience we need to weather the challenges we face, and the challenges to come.

# Executive Summary



This policy paper shows how and why expanding agricultural co-operation is a critical, underutilised lever for strengthening the resilience, productivity, and sustainability of the agri-food system. While co-operative activity is already widespread, evidenced by over 500 agricultural co-operatives and nearly 236,000 memberships, there remains substantial untapped potential to scale and deepen collaboration across the sector. Farmers are operating under intensifying systemic pressures, including price volatility, climate-related disruption, and uncertain investment conditions. In this context, co-operatives offer a proven institutional model for improving market power, reducing costs, and enabling collective investment in infrastructure, innovation, and sustainability. The paper positions co-operatives not as a niche organisational form, but as a strategic mechanism for delivering core government priorities outlined in the UK Food Strategy, the Farming Profitability Review, and the Land Use Framework.

Agricultural co-operatives have the capacity to secure on-farm incomes, increase supply-chain resilience, champion sustainable agriculture, facilitate innovation, harness green finance, boost horticultural production, build rural skills and community, and create stronger sectoral partnerships. Taken together, these functions position co-operatives as a cross-cutting institutional model capable of addressing the economic, environmental, and social challenges facing the UK agri-food system while strengthening coordination across the supply chain. Despite these benefits, the current policy environment in England does not fully support the growth of agricultural co-operatives. The paper identifies gaps in institutional support, access to finance, legal clarity, and sector coordination. To address these challenges, the paper proposes a strategic objective of doubling the economic contribution of co-operatives in the agri-food sector by 2050. This would involve increasing the number of co-operatives, their total turnover, and their share of sectoral gross value added. Delivery of this objective is structured around three policy pillars:



## Communication, Governance and Awareness

Government should explicitly position co-operatives as a core component of agricultural policy via targets in the 25-year Farming Roadmap. This should be supported by ministerial advocacy, improved guidance for farmers, and greater representation of co-operative expertise in governance structures. Public engagement should also be strengthened to increase consumer awareness of co-operative supply chains and their benefits.

## Institutional and Financial Facilitation

A more enabling environment is required to support co-operative formation and resilience. Key proposals include establishing a dedicated agricultural co-operative development body, expanding the role of existing public institutions, clarifying the legal status of co-operatives, and reinstating and redesigning targeted financial support mechanisms aimed at Producer Organisations. Additional measures include leveraging public procurement, exploring tax incentives, and improving access to both public and private finance.

## Long-term Innovation and Regional Development

The paper advocates for integrating co-operatives into regional and place-based policy frameworks, including potentially introducing Regional Agricultural Strategic Plans. Co-operatives should be positioned as delivery partners for environmental programmes, land use planning, and rural development initiatives. Support for multi-stakeholder and community-based co-operatives is also recommended to strengthen connections between producers, consumers, and local economies.



# Enhancing Co-operation for Resilient Agri-Food Supply Chains



Enhancing co-operation between farmers could help achieve the Government's food and farming policy objectives. Agricultural co-operation is already widespread across the United Kingdom. Research from the 2010s indicates that most farmers participate in some form of collaboration with other agricultural producers<sup>1</sup>. In many cases, this co-operation is informal, with no legal agreement or contract. This may involve ad hoc or temporary arrangements such as sharing machinery or labour<sup>2</sup>. Beyond informal practices, many farmers have formalised collaboration through structured arrangements, including legally constituted entities such as co-operatives. Recent estimates from Co-operatives UK indicate that there are 526 agricultural co-operatives in the United Kingdom and 235,933 total co-operative memberships<sup>3</sup>. This is an increase on the 2024 figure of 482. In 2019 around half of UK farmers were estimated to be members of a co-operative in some form<sup>4</sup>.

These figures underscore the significant role co-operatives already play in the agri-food sector. In practice, a substantial share of agricultural producers are responding to persistent, systemic pressures, such as price volatility, extreme weather, and uncertain investment conditions, through collective action. Co-operation enables farmers to strengthen their market position, manage risk more effectively, and retain greater autonomy within the food chain.

However, the current scale of both formal and informal collaboration leaves substantial room for expansion, particularly as pressures on UK food security intensify due to supply chain disruption, global conflict, and climate change.

This report argues that policy should prioritise the development and diversification of co-operatives across the food system, with particular emphasis on agricultural production. It explores options to support delivery of the government's commitment to double the economic contribution of co-operatives in the sector. The forthcoming 25-year Farming Roadmap for England presents an ideal opportunity for the Department for Food, Environment and Rural Affairs (Defra) to formalise and publicise this commitment.

While this paper focuses on England, many of its recommendations are applicable to the devolved administrations. In Scotland, co-operative agriculture is already well established, accounting for an estimated 35-40% of sectoral activity<sup>5</sup>, supported by both the Scottish Government and the Scottish Agricultural Organisation Society (SAOS). By contrast, in Wales and Northern Ireland there remains significant scope for further development, alongside a need for additional research into how context-sensitive policy and sectoral collaboration could support the growth of co-operatives.



In agriculture, context is critical: co-operatives operate differently across the British food chain depending on sector and scale. In dairy, they play a significant role, processing around 40% of UK milk<sup>6</sup>. In contrast, arable farmers typically cooperate through arrangements focused on grain storage, input procurement, and shared machinery. Livestock producers also collaborate, often forming groups to bulk purchase feed or access veterinary services. Fruit and vegetable growers have a long tradition of co-operation, shaped by the relatively small scale of many businesses, the perishable nature of produce, and historic support from the European Union (EU). Some British horticultural co-operatives have reached substantial scale and market presence, demonstrating the model's capacity to enhance competitiveness in a cost-pressured food system while delivering healthy, nutritious food. At the other end of the spectrum, smaller organisations such as Community Supported Agriculture projects operate locally, using co-operation not primarily to compete in markets, but to address environmental and social challenges and supply produce directly to communities.

Across sectors, co-operatives of different sizes and missions tend to engage in a common set of activities. These include the joint purchase of inputs and specialist expertise, collective investment in processing and marketing infrastructure, and the use of aggregated bargaining power to secure fairer terms from processors and retailers. Such activities are supported in legislation by rules that allow groups of producers to operate collectively as Producer Organisations (POs)<sup>7</sup>. However, not all POs are co-operatives. Some organisations that identify as co-operatives may instead adopt alternative legal forms, including Community Benefit Societies or limited companies.

The legal and fiscal environment for agricultural co-operatives has been shaped by the United Kingdom's departure from the EU. European agricultural policy has both influenced and been influenced by co-operative development across member states. In countries such as the Netherlands, France and Italy co-operatives play a more prominent role in the agri-food system than in the UK, offering useful points of comparison<sup>8</sup>. At the same time, these models reflect distinct historical trajectories, including export-oriented policy frameworks and rural development movements dating back to the nineteenth century.

In the UK, consumer co-operatives have historically been the most influential mutual actors in the food system, particularly through organisations such as the Co-operative Group. While this briefing focuses on agricultural production, there is clear value in considering how co-operative models might better connect producers, retailers, and consumers within a more coherent and equitable food system. The capacity both to mutualise activity and to coordinate across co-operative enterprises represents a key strength. These advantages are explored further in the context of the challenges facing farmers and the wider food system, drawing on existing government research and evidence.

The Why



# The Role of Agricultural Co-operatives in Delivering the Government's Food Strategy

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Since 2025, the UK Government has published three key documents outlining the systemic challenges facing the food supply chain and the actions required to address them:

1. The **UK Government Food Strategy**<sup>9</sup> sets out a framework for delivering a “Good Food Cycle”. This approach aims to protect the environment, drive productivity and innovation in agriculture, improve fairness across the supply chain, and strengthen food security while also enhancing public health through better access to nutritious food.
2. The independent **Farming Profitability Review**<sup>10</sup>, led by former president of the National Farmers’ Union (NFU) Baroness Minette Batters, was published. The review highlights the fragile financial position of many farms in England and the difficult market and supply chain conditions they face. It proposes a programme of enhanced cross-sector collaboration, alongside targeted governmental intervention, to improve resilience and support the long-term viability and prosperity of the farming sector.
3. The **Land Use Framework**<sup>11</sup> combines environmental ambition with a focus on improving the efficiency and productivity of farming on the most suitable agricultural land. It also emphasises the role of data in informing land use decisions, alongside more targeted agri-environment payments. In doing so, it seeks to enable a greater contribution from farmers to flood resilience, carbon sequestration, and biodiversity recovery across England.

Stronger support for both existing and emerging agricultural co-operatives can help address the challenges set out across these strategies and support delivery of their proposed solutions. Co-operatives and collaboration across the agri-food chain should therefore be treated as a strategic policy priority.



The specific contributions co-operatives can make regarding specific agri-food chain challenges are set out further below:

- **Securing on-farm incomes:** The Farming Profitability Review made clear the difficult economic conditions facing many farmers in England, with almost 30% of English farms making a loss in 2023/24<sup>12</sup>. Co-operatives can help address this challenge by securing better prices for farmers and by allowing farmer-owned enterprises to benefit from value-adding activities like processing and marketing. Macmillan and Cusworth report how cross-EU research found that areas with higher co-operative density benefited from higher prices and that such economic advantages were not restricted exclusively to co-operative members<sup>13</sup>. Co-operative activities like machinery sharing and collective buying can reduce input costs<sup>14</sup> and therefore improve overall profitability. Co-operatives can also facilitate access to the resources and logistics needed to support direct-to-consumer food sales, enabling better returns for producers. Higher farmgate prices, improved profitability, and greater control over marketing and processing allow producers to capture more value, offering a compelling strategy to address well-documented supply chain fairness issues in the UK food system.
- **Increasing supply-chain resilience:** Co-operatives can help insulate farmers from risks arising both from external economic shocks and growing climatic instability. Over the past decade, UK producers have faced repeated price spikes and threats to other critical inputs on which food production currently depends. By pooling purchasing power in international markets, co-operatives can mitigate exposure to such volatility. They can also support longer-term resilience by enabling investment in lower-input farming systems and on-farm renewable energy. Climate risk presents a parallel challenge. Recent droughts and flooding in England have directly affected farm productivity and income stability. Co-operatives can help manage these risks by spreading exposure and smoothing income, while also supporting knowledge exchange and the adoption of adaptation practices, such as improved animal welfare during extreme heat and more efficient water management in drought conditions. As research by the OECD notes<sup>15</sup>: “network building initiatives can help groups of farmers to collectively plan for likely future conditions, or to create contingency plans for hypothetical events.”
- **Championing sustainable agriculture:** Co-operatives can also accelerate the transition towards more sustainable and regenerative farming methods by facilitating peer-to-peer information sharing, spreading risk and collaboratively designing environmental ambitions. Dairy co-operative First Milk, for example, has seen a rapid and widespread transition towards farming methods informed by regenerative principles, noting that in 2024 94% of members submitted a regenerative farm plan<sup>16</sup>. This transition can also assist with addressing the resilience issues addressed above by moving towards lower-input farming methods. Farming co-operatives in Belgium trialling regenerative practices reported input cost reductions of around 30%, alongside first-year operating savings of at least £40 per hectare, indicating that collaborative approaches can help ease the costs and barriers associated with transition and improve resilience simultaneously<sup>17</sup>.



- **Facilitating innovation:** The uptake of more sustainable farming practices is supported by the capacity of co-operatives to accelerate and shape on-farm innovation. Farmer-led trials conducted by Scottish member organisations of SAOS provide strong evidence of this. For instance, the legislative requirement of ScotEID<sup>18</sup> is a digital tool developed in line with co-operative data principles that helps farmers improve both economic and environmental performance. Co-operatives can also play a key role in introducing and scaling out less established approaches such as agroforestry. The Land Use Framework highlights the substantial potential of food-growing aspects of agroforestry to address climate change while enhancing on-farm biodiversity. However, integrating agroforestry into existing systems requires investment, skills development, and a tolerance for risk. These challenges are well suited to co-operative approaches, including machinery sharing, knowledge exchange, pooled investment, and the joint ownership of processing infrastructure.
- **Harnessing green finance:** The role of private sector investment and compliance markets in funding environmental action is recognised in both the Land Use Framework and the Farming Profitability Review. However, there are concerns that farmers may not fully benefit from these mechanisms. Evidence from Scotland<sup>19</sup> suggests that rising interest in land for carbon and natural capital projects has put upward pressure on land values, raising affordability concerns for active farmers. Co-operatives are well placed to scale green finance in ways that ensure both market integrity and fair returns for farmers delivering ecosystem services. This approach is already being demonstrated by the Environmental Farmers Group<sup>20</sup>, which uses collaboration and collective bargaining to deliver biodiversity enhancements, water quality improvements, and carbon sequestration across English farmland, with outcomes directed by and benefiting farmers and land managers.
- **Boosting horticultural production:** The UK Food Strategy highlights the need to increase fruit and vegetable consumption in British diets. Yet domestic production remains limited. In 2024, only 17% of fruit and 55% of vegetables consumed in the UK were grown domestically, leaving England exposed to supply chain disruptions, including those arising from climate-related stresses in key horticultural regions such as southern Spain. This vulnerability is reflected in the ongoing development of a horticulture strategy by Defra. Co-operatives are well placed to support both growth and resilience in the horticulture sector. Some of the UK's leading fruit producers, such as Berry Gardens Growers, operate on a co-operative basis. More broadly, EU agri-food policy has long recognised that horticultural producers in particular benefit from support channelled through POs, including co-operatives. This position is echoed domestically by organisations such as the NFU, which recognises the need for a reorientation of policy back towards a model that strengthens support for POs in horticulture<sup>21</sup>.



- **Building rural skills and community:** Co-operatives can play a central role in strengthening a skilled and resilient rural economy through their capacity to facilitate knowledge exchange and skills development among members. By creating structured opportunities for collaboration, they enable farmers to share best practice, adopt new technologies, and improve overall business performance. They also support economic diversification in rural areas. Through collective investment and shared infrastructure, co-operatives make activities such as processing, value addition, and renewable energy generation more accessible, even where these would be unviable for individual farms. The mental health challenges facing farmers are well documented and have received increasing attention in recent years<sup>22</sup>. Economic volatility and environmental uncertainty are key contributing factors, both of which can be mitigated through collaboration and risk-sharing. Social isolation remains a further concern. Evidence suggests that stronger professional connectedness across the agri-food chain can reduce isolation and improve wellbeing<sup>23</sup>, yet such networks are often informal and underdeveloped. Embedding structured support systems within co-operative models offers a practical way to address this, providing both professional and social support to farmers.
- **Creating sectoral partnership:** Working in partnership with actors across the agri-food chain to design and implement policy is a recurring recommendation of the Farming Profitability Review. This principle is also reflected in Defra's approach, for example through the establishment of the Farming and Food Partnership Board. Such engagement is essential both to ensure meaningful stakeholder input and to navigate the inherent tensions in food and farming policy, where the interests of farmers, retailers, consumers, and environmental groups do not always align. A stronger co-operative presence in the agricultural sector would support this approach. Co-operatives can reduce the transaction costs of engagement by providing structured channels through which policymakers can communicate with organised groups of farmers. At the same time, they help align farmer interests and strengthen their position within the supply chain, including through collective structures such as POs.

Taken together, these functions demonstrate that agricultural co-operatives are not simply complementary to existing policy frameworks, but instrumental to their effective delivery across economic, environmental, and social objectives. The following section sets out a suite of targeted policy interventions designed to translate this strategic potential into scalable, system-level impact.



# Promoting Economically Resilient and Environmentally Sustainable Co-operative Development



Expanding the role of co-operatives in UK agriculture will require policy and support that create the conditions for greater economic democracy across the sector. While informal collaboration among farmers and broader engagement with co-operative models are well established, there remains significant scope to build a more empowered, influential, and innovative rural co-operative movement in England and across the UK. A vital starting point for this mission is including clear and specific objectives in the forthcoming 25-Year Farming Road Map to:

- Increase the total number of agricultural co-operatives in England
- Increase total turnover of agricultural co-operatives
- Increase turnover as a percentage of the Gross Value Added (GVA) of the agri-food sector

Doubling the scale of co-operation within the sector would be an ambitious yet feasible target for a 25-year period. As the table highlights above this would see the total number of co-operatives rise above 1000 and the turnover of producer-owned organisations reach over £18 billion.

|                    | Number of Co-operatives | Total Income  |
|--------------------|-------------------------|---------------|
| <b>2025</b>        | 513                     | £9.2 billion  |
| <b>2050 target</b> | 1026                    | £18.4 billion |

Table 1: UK-wide projections on doubling of the size of the agricultural co-operative sector<sup>24</sup>

Targeting an increase to sectoral GVA-contribution is more complex and warrants further analysis by Defra. Co-operatives UK estimate that, even when including the food-related activities of the Co-operative Group, co-operatives account for less than 10% of agri-food sector GVA, compared to 68% in the Netherlands and 55% in France<sup>25</sup>. However, this estimate is incomplete and a more comprehensive target would require fuller coverage of the retail co-operative landscape, including organisations such as OurCoop and other regional societies. Despite these data limitations, further work in this area would be valuable. GVA is a useful lens for understanding how value is distributed along the food chain and highlights the relatively limited share currently captured by primary producers. Expanding co-operative, producer-owned business models woofers a clear pathway for farmers to participate more directly in downstream value-adding activities and tracking progress towards this objective is essential.



Crucially, the objective to double the size of the co-operatives and mutuals sector in agriculture would be consistent with the Government's manifesto commitment to do the same across the economy. Ways to facilitate the achievement of this target can be mapped under three themes.

1. Greater **communication** with and about co-operatives and mutual approaches, supported by improved recognition of the contributions co-operatives make and targeted outreach to wider awareness and uptake.
2. More effective **facilitation** through reforms to existing policy and regulatory frameworks.
3. A commitment to **innovation**, exploring how co-operatives and mutual models can contribute to longer-term social and environmental improvements to our food system.

These themes share common objectives: to expand the sector by supporting the creation of new co-operatives; to strengthen the economic and social resilience of existing organisations, enabling them to grow and diversify; and to build the capacity of agricultural co-operatives to drive the transition towards more sustainable and regenerative approaches across the sector.

The policies needed to deliver these objectives and achieve this target are set out below, beginning with immediately actionable communication measures. However, the government's broader ambition for the environmental and social potential of farming calls for more ambitious proposals. Targeted investment in co-operative approaches can support wider policy objectives while generating additional benefits for farming communities and beyond, including improved consumer outcomes and greater environmental resilience, particularly in areas at risk of flooding.



Communication

## Championing a more co-operative supply chain

The forthcoming 25-Year Farming Roadmap provides an opportunity to **signal clear ministerial support for co-operatives** as a core component of a more productive and resilient farming sector. This should be accompanied by sustained ministerial engagement with, and visible promotion of, co-operative models. Alongside this, the Government should ensure that **practical, accessible guidance is available on both the rationale for, and process of, establishing agri-food co-operatives**. Depending on scope, this could be delivered through Defra, the Rural Payments Agency, and the Agriculture and Horticulture Development Board (AHDB), with consistent messaging required across all channels.

**Expertise from the co-operative sector should also be better embedded within existing governance structures.** At present, neither the Food Strategy Advisory Board nor the Farming and Food Partnership Board include representation focused on co-operative development. Introducing members from established agricultural co-operatives and retailers is a necessary step to ensure that policy development reflects the opportunities associated with co-operative models. Further, if adopted, the Farming Profitability Review's proposed Great British Farm Advisory Board<sup>26</sup> should also include co-operative representation.

Targeted outreach and engagement with farmers should therefore be used to **co-design policy interventions and communication to address farmers' concerns** directly. Efforts to expand the scale of agricultural co-operatives must also be grounded in a clear understanding of the barriers and issues experienced by farmers. Evidence indicates that concerns around commercial risk, biosecurity, upfront costs, leadership capacity, and limited bargaining power are key constraints on participation<sup>27</sup>. An initial step could be the convening of a focused, one-day summit bringing together producers, co-operative leaders, policymakers, and researchers.

To sustain this work, **a dedicated unit within Defra is required to co-ordinate strategy, communications, advisory support, and policy development.** This unit could also facilitate stronger ties between co-operative development and agricultural research and education, supporting both formation and long-term resilience. These connections could also be harnessed to address the significant gap in data regarding agricultural co-operatives in England, including membership density levels and more granular sectoral comparisons to drive successful policy development in future.



There is also a clear case for **extending promotion of the advantages offered by co-operatives to consumers and retailers**. Ministers should play an active role in foregrounding the contribution of co-operatives within the food system. This could include working with sectoral champions and retailers to increase the visibility of co-operatively produced goods. Public attitudes provide a strong foundation for this approach: research from AHDB shows that trust in farmers is high and rising . Yet understanding of supply chain economics remains limited. Positioning co-operatives as a practical mechanism for delivering fairer outcomes for farmers would therefore align with existing public sentiment, while addressing this knowledge gap. In some sectors, such as dairy, co-operatives already engage directly with consumers through branded products. Defra and other public bodies could support the expansion of this model, including by exploring public-facing mechanisms to improve labelling and storytelling around co-operative supply chains.

This work could also encompass **clearer communication of the environmental benefits associated with collaborative farming models**, reinforcing the role of co-operatives in delivering both economic and environmental outcomes. The sustainability potential of co-operatives should be explicitly recognised within an expanded government outreach and advisory offer. In practical terms, this could include the development of targeted resources to support multi-stakeholder co-operatives, enabling farmers to access emerging revenue streams linked to environmental delivery.

This should be accompanied by **clear guidance for co-operatives on best practice for engaging with private and compliance-based nature and carbon markets**. In parallel, further outreach and research on co-operative models could support the transparent communication and effective delivery of the social and land use objectives set out in the Land Use Framework, ensuring that transitions are shaped with the active participation and buy-in of agricultural communities.



## Country Case Study

## Championing a competitive and forward-looking co-operative sector in the Netherlands



The Netherlands combines strong institutional support with practical, public-facing initiatives to sustain and grow its agricultural co-operative sector. Although not specific to agriculture in its activities, the umbrella network National Cooperative Raad plays a pivotal role in promoting awareness of the economic and social value of co-operatives to consumers and policymakers. High-profile co-operatives such as FrieslandCampina and Rabobank further reinforce public understanding through consumer branding that emphasises farmer ownership and sustainable production.

World-leading agricultural research and extension providers, such as Wageningen University & Research, also host expertise on governing, financing and developing co-operatives. Innovation-focused schemes support collaborative business models and encourage farmers to organise collectively to access new markets and trial new approaches. One current programme, ReGeNL<sup>28</sup>, brings universities together with financial institutions and farming co-operatives. This has allowed for a co-designed research platform involving 1,000 farmers. The prevalence of collective action on the environment by Dutch farmers also comes via farmer-led organisations like BoerenNatuur, which represents all environmental farmer collectives in the Netherlands, covering 100,000 hectares of agricultural land<sup>29</sup>.

These initiatives are embedded within a wider ecosystem that normalises co-operatives as a modern and competitive business structure. By combining public visibility, practical support, and integration with research and innovation systems, the Dutch model lowers barriers to entry while strengthening long-term sector resilience. This is reflected in the competitive and efficient nature of its agricultural and horticultural sector, of which around 68% of turnover is generated by co-operatives<sup>30</sup>.



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## Facilitation

## Creating an enabling environment for agricultural co-operatives

To deliver meaningful progress in strengthening the agricultural co-operative sector in future, initial quick wins such as improved awareness, advisory support, public promotion, and greater participation in governance will need to be complemented by targeted institutional, financial and legal interventions. These measures are essential to create an enabling environment in which both new and existing co-operatives can form, scale, and innovate effectively.

There is significant potential in England for **a dedicated, sector-specific umbrella organisation** for agri-food co-operatives. At present, Co-operatives UK and the Mutual and Co-operative Sector Business Council provide national leadership in advocating for and supporting the development of the co-operative sector. However, the creation of a federated body or secondary co-operative dedicated to agriculture would materially strengthen the formation, governance, and long-term viability of agricultural co-operatives, with potential spillover benefits for other mutualised organisations across the supply chain. The model established by SAOS in Scotland offers a compelling precedent, combining advisory and advocacy functions with sustained, strategic government backing.

Using the powers to provide financial assistance for activities that improve farming productivity and resilience set out in the Agriculture Act, this Government could catalyse the development of an equivalent body in England through two principal routes:

- **Seeding a new organisation** by providing initial grant funding to establish a dedicated entity following structured engagement with potential partners and stakeholders, including Co-operatives UK and the National Farmers' Union.
- **Investing in an existing organisation** by allocating funding through a competitive process to expand the remit of an existing body, alongside co design of its functions, governance model, and strategic objectives.

In both instances deliberation would be required with key stakeholders, including Co-operatives UK and the Mutual and Co-operative Growth Council, regarding the scope and objectives of the new organisation or function.

In addition to the development of this new organisation, **further support for new and existing co-operatives could be delivered through existing public bodies**. Recent research by Co-operatives UK highlights the potential to extend the roles of both the AHDB and the Agricultural Supply Chain Adjudicator to actively support and safeguard co-operativisation. This widened remit could include a responsibility to assist with the development of new co-operatives and a clearer mandate to address barriers to collective organisation.



Such reforms could also enable public bodies to **resolve any residual post EU-Exit uncertainty regarding the legal status of co-operatives**<sup>33</sup>. This could be addressed through the issuance of formal guidance or targeted amendments to the Agriculture Act to explicitly recognise co-operatives as POs within its financial assistance provisions. This should be complemented by both reform of existing, and the introduction of new, sector-specific fair dealing regulations, building on the precedent established in sectoral regulations for dairy which explicitly acknowledges the role of POs<sup>34</sup>. Finally, the same Co-operatives UK report proposes legislative measures to prevent the obstruction of co-operative formation.

**Safeguarding the formation and resilience of co-operatives is essential to delivering the healthier diets envisaged in the Government's Good Food Cycle.** This is because horticultural POs in particular are ideally positioned to boost the domestic production of fruit and vegetables. Recent examples underline the fragility of horticultural supply chains, most visibly during the shortages observed in 2023 associated with poor growing conditions in North Africa and Spain<sup>35</sup>. Growers of certain produce in England like cucumbers and tomatoes are already warning of anticipated shortages later in 2026 as a result of unstable energy prices.

Yet these grower-led organizations face a number of uncertainties which could affect their capacity to contribute effectively to delivering a Good Food Cycle. For example, Co-operatives UK report that there remains some perceived ambiguity within the sector regarding the status of co-operatives within the Agriculture Act 2020<sup>36</sup>. This results from how that law retained EU provisions on producer collaboration relating to POs and associated exemptions from standard competition rules.

A central component of that EU PO framework was the Fruit and Vegetable Aid Scheme. This programme provided matched funding to recognised POs in the horticulture sector to deliver multi-year operational programmes and capital investment. After some legacy implementation, this scheme has now been discontinued in England. This creates a clear policy gap. The removal of this statutory mechanism explicitly supporting POs weakens collaborative structures at a time when horticultural supply chain resilience and producer bargaining power remain critical concerns.

As a result, **the Government should reverse the decision to end the Fruit and Vegetable Aid Scheme.** Criticism that the scheme did not represent value for money could be addressed through a targeted redesign. A reformed scheme could integrate wider public policy objectives, including skills development, collaborative research, labour standards for horticultural workers, and environmental outcomes. This would align financial support more closely with broader sector priorities while retaining the core function of enabling collective investment and coordination.



British horticulture has also made significant environmental progress in recent years and this has, in part, been supported by the stability and investment enabled through the PO model. Berry Gardens, a leading soft fruit producing PO, highlight their recent improvements in water use, circular economy principles and biological control of plant pests<sup>37</sup>. Alongside reinstatement of the scheme, there is also scope to **pilot similar support for POs adopting innovative and climate resilient approaches, including agroforestry and paludiculture.**

Reinstating this scheme should be complemented by a broader strategy to mobilise both public funding and private finance in support of the agricultural co-operative sector. **The proposed £30 million Farmer Collaboration Fund (FCF), for example, could be deployed more explicitly to accelerate the formation and scaling of new and innovative co-operatives.** Its stated objectives concerning risk-sharing, knowledge exchange, and resource pooling are already core functions of co-operatives, delivered through formal governance structures and long-term organisational models. Aligning the fund with these existing institutional forms would therefore increase both efficiency and durability of outcomes.

As consultation across the sector continues regarding the FCF, Defra should engage directly with Co-operatives UK, the Mutual and Co-operative Sector Business Council, agricultural leaders, and emerging smaller co-operatives to explore how such funding can support the development of resilient, collectively governed organisations over a 25-year horizon. This should include examining how existing collaborative frameworks, such as Farmer Clusters, could evolve into more formalised, democratically governed co-operative structures, thereby strengthening continuity, accountability, and strategy.

The FCF could also **support programmes exploring co-operatively managed approaches to farmer-led environmental delivery.** These models could play a critical role in scaling nature recovery initiatives, particularly in alignment with emerging mechanisms such as Environmental Delivery Plans and the Nature Restoration Levy. In this context, co-operativisation could be recognised as a desirable additional outcome of existing schemes, including through explicit inclusion in grant criteria for programmes such as the Landscape Recovery Fund.

The Agriculture Act 2020 provides a legislative basis for this approach. While much attention has focused on its role in enabling payments for public goods under ELMS, the Act also permits financial assistance for ancillary activities across the supply chain, including processing, packaging, and logistics. This creates a clear opportunity to support co-operative investment in downstream infrastructure, enabling farmers to capture a greater share of value and improve supply chain equity. Such support could take the form of capital grants or match-funding to enable co-operatives to acquire or develop processing and logistics assets, as well as to strengthen routes to market through direct sales or integration into public procurement supply chains. A dedicated financing platform within the British Business Bank could further support this agenda, particularly for early-stage or scaling co-operatives.



## Country Case Study



## Scaling and financing a globally competitive co-operative agri-food sector in France

France has developed one of the most financially mature and institutionally embedded agricultural co-operative sectors in Europe, underpinned by strong public policy support, a favourable investment climate, and deep integration with national agri-food strategy. Agricultural co-operatives are central to the structure of French farming. Over 75% of farmers are members of a co-operative and there are over 2,000 in total across France<sup>38</sup>.

A defining feature of the French model is the active role played by La Coopération Agricole, the national federation representing agricultural co-operatives. It acts not only as a representative body but also as a strategic interface between government, financial institutions, and the sector, shaping policy frameworks, supporting governance standards, and facilitating access to finance. France has also cultivated a supportive banking environment for co-operatives. Crédit Agricole, like its Dutch counterpart Rabobank, is a large national financial organisation rooted in rural co-operative principles, which plays a significant role in providing tailored financial products to the agricultural sector.

Collaboration has taken on more innovative forms at the municipal level too. The city of Rennes has partnered with a farmer co-operative called Terres de Sources to take action on water quality in the region via public sector contracts with requirements for ambitious environmental standards<sup>39</sup>. Environmental performance is weighted heavily in contract awards, representing at least half of the evaluation criteria and incentivising more sustainable production practices. Procurement is delivered through a coordinated purchasing arrangement, governed by a multi-actor body that brings together public authorities, civil society organisations, businesses, and funders to ensure accountability and guide supply chain development. Significantly, a co-operative entity plays an operational role, handling bid management, logistics, billing, and liaison with catering providers alongside the core supply agreements.

France also hosts a co-operative dedicated to knowledge sharing and scaling out such approaches. Nourrir L'avenir<sup>40</sup> assists municipal or regional authorities upon request with training and support based on an agreement that the move will prioritise ecologically grown and local food as much as possible.



Strengthening market access for agricultural co-operatives would also assist with the Government's objective of creating a Good Food Cycle. **Public procurement policy could act as a key demand-side lever**, not only through "Buy British" commitments but by prioritising procurement from co-operatives supplying fresh, minimally processed produce. This proposal is echoed in the Farming Profitability Review, which highlights the scope for widening public procurement initiatives given that only 27% of publicly procured food is currently covered by the Government Buying Standards for Food and Catering Services. Leveraging public procurement capacity to support farmers' and orient food systems change has wide support, from organisations ranging from Foodrise<sup>41</sup> to the NFU<sup>42</sup>. As the Farming Profitability Review also recognises public procurement supply chains can cause challenges for small and medium-sized enterprises. Co-operatives, by aggregating supply across multiple producers, are uniquely positioned to meet the scale and consistency requirements of large institutional buyers such as schools and hospitals, thereby delivering benefits to both producers and procurers.

The policy and investment needed in this space is recognised by the allocation of public funds £155,000 to local authorities already championing high standards of public procurement and catering<sup>43</sup>. However, **the ambition of this programme should be increased in scale and scope**, covering more local authorities and encouraging them as part of the funding packages to work pro-actively with co-operatives in the agri-food supply chain.

Further **incentives for co-operativisation via the tax system could also be explored**. The government could assess the feasibility and fiscal implications of differential tax treatment for agricultural co-operatives, including the potential to extend business rates exemptions to processing and logistics facilities operated by co-operatives, in line with existing reliefs for primary agricultural production. Such measures could improve the viability of farmer-led value addition, as highlighted in past research<sup>44</sup>. Such tax treatment is not without international precedent, with OECD research showing that Japan, Italy and Austria have each offered agricultural co-operatives incentives in the tax system, providing certain conditions are met<sup>45</sup>.

However, scaling the co-operative sector will also require addressing existing constraints in accessing private finance. Co-operatives can be seen to face a disadvantage relative to investor-owned firms in their relative ability to attract external capital without compromising member control. While targeted public funding can partially mitigate this, it is unlikely to be sufficient on its own.

This issue has long been recognised. Research conducted in 2012 for the European Commission on agricultural co-operatives in the UK highlighted the difficulty agricultural co-operatives face in accessing appropriate growth finance. That study also noted that limited availability of external capital has, in some cases, driven producer organisations to demutualise or rely on loans instead of external investment, which can introduce risks and constrain long-term financial prospects<sup>46</sup>.

The ongoing Law Commission review of co-operative and mutual law presents a potential opportunity to address these barriers. Proposed reforms, supported by Co-operatives UK, include enabling co-operatives to access capital in ways more comparable to investor-owned firms, including through the issuance of non-voting shares. These mechanisms could broaden the investor base while preserving democratic control.



**The Government should actively explore these options, while maintaining parallel support for smaller and early-stage co-operatives that may wish to scale without reliance on external equity.** A dual-track approach that combines improved access to private finance with continued public support will be essential to enabling the co-operative sector to expand sustainably without undermining its core principles of member ownership and control.



Innovation

## Championing a more co-operative supply chain

Finally, encouraging the further development and growth of agricultural co-operatives requires a long-term approach. This could involve experimentation with more regional models and stronger partnerships focused on the capacity of co-operatives to deliver wider social and environmental outcomes. The strategic horizon set out in the 25-year Farming Roadmap, alongside proposals from the UK Food Strategy, the Farming Profitability Review and the Land Use Framework, provides scope for more ambitious, forward-looking policy development in this area.

There is an opportunity to support agricultural co-operative development policies as part of the regional and community empowerment strategy set out in the English Devolution and Community Empowerment Bill. This has precedent in the Farming Profitability Review, which proposes **the establishment of Agri-Growth Hubs as collaborative, regionally rooted farmer networks**<sup>47</sup>. These hubs could facilitate partnerships with local governance structures and act as intermediaries for funding programmes such as Farming in Protected Landscapes. Ultimately, in parallel to the government's proposed Regional Energy Strategic Plans (RESPs), **a complementary framework of Regional Agricultural Strategic Plans (RASPs) could support the development** of an environmentally and socially sustainable Good Food Cycle.

In this context, co-operatives functioning as organised networks for farmer collaboration and planning would be well placed to act as delivery partners for regional authorities. Relevant precedents can be found in third-sector initiatives, including the Multifunctional Land Use Framework pilot work led by the Food, Farming and Countryside Commission in Devon and Cambridgeshire<sup>48</sup>, and the local food partnerships supported by the Sustainable Food Places network<sup>49</sup>. This could also be used to integrate strategic enhancement of priority sectors like horticulture via joined-up planning. For example, the Chartered Institute for Horticulture calls on local authorities to help “enable co-location of greenhouses close to renewable energy generation, as well as heating and waste-heat recovery<sup>50</sup>.”

Such collaborative, place-based approaches could help address delivery challenges associated with two major Defra-led programmes: Local Nature Recovery Strategies (LNRSs) and the Land Use Framework. The Office for Environmental Protection's 2025 assessment emphasises that farmer engagement is critical to the success of LNRSs<sup>51</sup>. Regional structures such as Agri-Growth Hubs, alongside co-operative models, could strengthen this engagement by coordinating participation at scale and reducing the transaction costs associated with working with individual farms. Co-operatives that integrate both production and environmental functions like flood resilience would be particularly well suited to supporting landscape-scale coordination.



## Country Case Study

## Country Case Study

## Italy and the Prospect of Regional Agri-Food Co-operative Development



Italy has a long-standing tradition of co-operative enterprise, with their contribution to economic and social development explicitly recognised in the constitution. In the 2010s, employment in the agri-food co-operative sector grew by around 25%. Agricultural co-operatives are also more likely than other businesses to employ full-time staff and to secure above-average prices for their produce<sup>52</sup>.

This model is particularly well developed in regions such as Emilia-Romagna, where the co-operative economy has significant scale and local influence. Approximately 66% of the population are members of a co-operative, and around one in seven people is employed by one. The agri-food sector is especially prominent, accounting for over half of regional agricultural production, while combining strong productivity with social objectives such as the preservation of cultural and gastronomic heritage<sup>53</sup>.

Agricultural co-operatives in Emilia-Romagna, as elsewhere in Italy, are embedded within dense networks of clustering and secondary co-ordination. This structure enables smaller producers to remain viable and to benefit from collective marketing and, in some cases, direct-to-consumer sales. The regional strategy to 2030 explicitly promotes the development of co-operative entrepreneurship as a driver of local economic development and innovation, with a particular focus on rural areas facing depopulation. This sits alongside wider commitments to short supply chains, the circular economy, organic farming, and integrated production systems, including a target for 45% of agricultural land to adopt low-input farming practices by 2030<sup>54</sup>.



Similarly, **delivery of the Land Use Framework's long-term objectives (to 2035 and 2050) could be facilitated through structured engagement with farmer-led co-operative groups.** For example, a shift toward more spatially targeted agricultural subsidies could be implemented more effectively by working with farmer collectives to identify where land use change is most viable, thereby distributing both the commercial and operational burden of transition. Co-operatives could also provide an efficient mechanism for data sharing and knowledge transfer, both of which are essential to achieving Land Use Framework outcomes.

Reducing emissions across the agri-food system could be accelerated through partnerships with agricultural co-operatives. This could extend to **the development of multi-stakeholder co-operatives involving universities, researchers, and retailers, enabling collaboration on innovation, data, and supply chain transparency.** Such models could support retailers in addressing Scope 3 emissions while advancing progress toward net zero across UK food and farming systems. Finally, agricultural co-operatives can play a broader role in strengthening the economic and social resilience of rural communities. This can be achieved through three main channels.

First, **co-operatives can partner with universities and colleges to develop training pathways and apprenticeship schemes for young people.** By operating collectively, co-operatives can spread the costs and risks associated with taking on new entrants, while offering trainees a more integrated understanding of the agricultural supply chain and co-operative management. A comparable model is already effective in Scotland, where the co-operative Ringlink's pre-apprenticeship scheme provides school leavers with training opportunities tailored to member demand<sup>55</sup>.

Second, **co-operatives can support new entrants into farming by lowering barriers to entry.** Through shared infrastructure, pooled resources, and knowledge exchange, they reduce both capital requirements and operational risk. Financial support mechanisms, such as low-interest loans delivered through the British Business Bank suggested above, could be adapted to incentivise co-operatives to establish incubator or accelerator-style initiatives, enabling new entrants to access land, markets, and business support within a structured framework.

Third, **multi-stakeholder co-operative models can strengthen public engagement with food systems, particularly in urban and peri-urban areas.** Existing initiatives such as Regather in Sheffield and Lauriston Farm near Edinburgh demonstrate how such models can simultaneously enhance food security, energy resilience, community cohesion, and biodiversity. These enterprises often incorporate elements of community ownership, aligning with the government's agenda to empower communities to acquire land and assets through mechanisms such as Community Right to Buy. Re-opening the Community Ownership Fund, which ended in 2025, could also support citizens to take ownership and control of their local Good Food Cycles. This also aligns with recognition in the Land Use Framework of the potential a 'Right to Grow' offers communities in towns and cities<sup>56</sup>.

However, socially oriented co-operatives of this kind frequently face high start-up costs and elevated risk. There is therefore a clear opportunity for the government to explore how existing community ownership and business support policies could better support these models. This is particularly the case for those that aim to reconnect consumers with food production through shorter supply chains, direct sales, and co-operative ownership structures.

# Conclusions & Policy Recommendations





Agricultural co-operatives represent a practical and scalable solution to many of the structural challenges facing UK farming. By strengthening farmer collaboration, improving market outcomes, and enabling coordinated environmental action, they align closely with the Government's long-term food, farming, and land use objectives. However, realising this potential requires a step change in policy support which combines clear governmental commitments with strategic reforms and targeted investment. With the right framework in place, co-operatives can become a central pillar of a more resilient and sustainable agri-food system. The 25-year Farming Roadmap offers an ideal opportunity to commit to this mission and adopt the policy recommendations below:



# Communication, Governance and Awareness

## Embed co-operatives in national strategy

Use the 25-Year Farming Roadmap to position co-operatives as a core pillar of a productive, resilient farming sector, backed by visible ministerial leadership.

## Scale promotion and guidance

Deliver clear, practical, and accessible guidance on forming co-operatives, with consistent messaging across Defra, the Rural Payments Agency, and AHDB.

## Strengthen co-operative representation in governance

Appoint co-operative leaders to key bodies (Food Strategy Advisory Board, Farming and Food Partnership Board, and any future advisory boards) to ensure policy reflects sector opportunities.

## Co-design with farmers

Undertake targeted engagement to address barriers (risk, costs, leadership, biosecurity), starting with a focused multi-stakeholder summit.

## Establish a dedicated Defra unit

Create a central function to coordinate strategy, communications, advisory support, and policy development for co-operatives.

## Elevate co-operatives in public messaging

Task ministers with actively promoting co-operatives as a core part of a fair and resilient food system.

## Link co-operatives to fairness outcomes

Position co-operatives explicitly as a mechanism for delivering fairer returns to farmers, aligning with strong public trust in the sector.

## Provide market engagement guidance

Issue best-practice guidance for co-operatives engaging with carbon, nature, and compliance markets.



# Institutional and Financial Facilitation

## Create a dedicated agricultural co-operative body

Establish (or fund) a sector-specific umbrella organisation for England, modelled on SAOS, to drive formation, governance, and long-term sector growth.

## Strengthen the enabling framework

Expand the remit of existing bodies, clarify the legal status of co-operatives as Producer Organisations, and introduce fair dealing and pro-co-operation legislation.

## Reinstate and reform targeted funding

Restore the Fruit and Vegetable Aid Scheme with a redesigned focus on productivity, sustainability, and supply chain resilience, particularly in horticulture.

## Align public funding with co-operatives

Deploy the Farmer Collaboration Fund and wider schemes explicitly to support co-operative formation, scaling, and environmental delivery models.

## Unlock investment and infrastructure

Use Agriculture Act powers to support co-operative investment in processing, logistics, and routes to market, alongside improved access to finance, including via the British Business Bank.

## Use public procurement as a demand lever

Prioritise co-operatives within public food purchasing and expand local authority programmes to strengthen market access for aggregated, farmer-led supply.

## Unlock finance for co-operatives

Explore strategies for enhancing co-operative access to capital and adopt a dual-track approach combining private investment with sustained public funding to support both early-stage and scaling co-operatives.



# Long-term Innovation and Regional Development

## Embed co-operatives in regional delivery

Integrate co-operatives into devolution policy through Agri-Growth Hubs and Regional Agricultural Strategic Plans, positioning them as delivery partners for local growth and land use priorities.

## Use co-operatives to scale environmental delivery

Deploy co-operative models to support LNRs and Land Use Framework implementation, enabling coordinated, landscape-scale action and more efficient farmer engagement.

## Drive innovation and net zero through collaboration

Support multi-stakeholder co-operatives (farmers, researchers, retailers) to accelerate innovation, data sharing, and Scope 3 emissions reduction.

## Strengthen skills and new entrants

Back co-operatives to deliver training, apprenticeships, and incubator-style pathways that lower barriers to entry into farming.

## Support community and social co-operatives

Expand funding and policy support for community-led, multi-stakeholder co-operatives that enhance local food system resilience, including by re-opening the Community Ownership Fund.

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