



fwd FEDERATION OF
WHOLESALE
DISTRIBUTORS

A pathway to growth and prosperity

The Federation of Wholesale Distributors manifesto



A pathway to growth and prosperity



Background

FWD (Federation of Wholesale Distributors) is the trade association for food and drink wholesalers in the UK. Our members distribute food and drink to more than 450,000 retailers and foodservice businesses across the UK.

FWD represents wholesalers' interests to government, monitors and advises on policy and legislation, promotes the wholesale channel to suppliers as a profitable and agile sector to invest in, and brings wholesale together through a diverse programme of events for suppliers and wholesalers.

The UK's wholesale sector

The upcoming General Election is the most important in a generation.

Wholesalers are the lifeblood of the nation – from supporting high street restaurants to supplying hospitals, schools and local retailers with food, the FWD membership is delivering for the people of the UK, in every region. The wholesale sector's role in the food supply chain and driving forward our economic recovery has never been more important as the UK emerges from the pandemic and deals with the cost-of-living crisis.

But we are not immune to the shocks that have been felt right across the economy. On average, our members have seen a 14% rise in the cost of buying goods this year, with overall business costs rising by 10%. If we look ahead to the next decade, it's clear that at home and abroad we are on the cusp of climate transformation, and the food supply chain is central to this. Our members are already playing a leading role in our decarbonisation journey, and over half have a roadmap to achieving net zero.

FWD stands ready to work with policymakers in every political party to deliver an economy and environment that works for people right across this country. We see a future where our members play a central role in the delivery of a prosperous United Kingdom, helping to tackle some of the knotty challenges that are holding businesses like our members back.

This document sets out clear and deliverable actions under five themes and is an invitation to all in Westminster to work with us in ensuring the wholesale sector is able to thrive and play a full and active role in future economic prosperity across the UK.

A handwritten signature in black ink that reads 'J. Bielby'.

James Bielby
CEO, FWD



Growth

Our mission statement

The wholesale sector is a fundamental part of the UK economy with an annual turnover of £25.6 billion, generated across all regions of the UK. FWD members can go further and faster to turbocharge growth in every region and community across the UK with the right business environment and support to alleviate rising costs.

Context

The Covid-19 pandemic impacted businesses across the UK, including the wholesale sector. In 2020, FWD members purchased £2 billion less worth of goods and services for their businesses compared to 2018. Despite this, the sector bounced back strongly, and in 2021, purchases even surpassed 2018 levels.

In 2020, FWD members directly contributed £555 million in income-based taxes in 2020 and £662 million in 2021. The presence of our members' contribution is felt to local economies right across the UK as 84.8% of FWD companies' employment is outside of London.

2023 has been another challenging year with rising inflation and costs for both businesses and customers. Our members report that the average percentage of inflation they have seen when buying goods is 14.4%. Despite this 89% are investing in expanding their business this year to support the UK economy. With the right business environment, our members can turbocharge growth right across the UK, ensuring that our recovery from the ongoing uncertainty is deep and sustained.

Our asks of government

- **Abolish the annual inflationary increase to the business rate multiplier.**
- **Ensure regulatory alignment across the devolved nations.**
- **Alleviate pressures for wholesalers in the use of the Windsor Framework by offering resources and support to businesses to ensure they are fully compliant with the new trade rules.**



Employment

Our mission statement

The UK wholesale industry employs 74,717 people directly and 262,642 through their supply chain. As the voice of the industry, we are committed to working with our members to ensure they can invest in training, navigate economic challenges and secure a reliable, diverse workforce. This is with the overall aim of delivering a sustainable and resilient growth environment for the wholesale industry.

Context

Skills and diversity are important pillars of FWD's work. In the past year, FWD formed a Diversity in Wholesale workstream, which aims to encourage diversity and inclusion in the wholesale channel by providing support and a welcoming environment for talented people from all backgrounds.

Within the sector, there are a number of initiatives that support this, focusing on improving social mobility and skilling the workforce. FareShare is the UK's national network of charitable food redistributors, who take good quality surplus food from right across the food industry and get it to nearly 8,500 frontline charities and community groups. They recently launched FareFutures, an initiative in collaboration with FWD's members, which aims to help individuals from challenging backgrounds secure stable employment in a warehouse setting. This programme has helped over 1000 people across the UK gain valuable employability skills since its launch a year ago.

FWD also runs a promoting wholesale initiative, which convenes several networking groups, from young wholesalers to those in senior positions. These network groups include the Wholesale Leaders Forum, a diverse group of senior wholesale and food & drink supplier managers and directors and the Future Leaders Forum a network of aspiring young professionals. These provide a vital networking opportunity for the next generation of young professionals to inspire them to further their career in wholesale.

We are committed to promoting diversity and inclusion across our industry and look forward to working with policymakers to encourage further investment in our workforce to ensure it is prepared for the challenges of tomorrow.

Our asks of government

- **Expand the Apprenticeship Levy into a wider Skills Levy to stimulate greater investment in skills and training, supporting the workforce of the future. Giving businesses more flexibility to allocate the money to train staff will bring significant benefits to the wholesale sector.**
- **Expand the Shropshire Review so that it takes into account the whole supply chain including the wholesale sector, which is currently excluded from the Review. Shortages in labour are still causing key issues for wholesalers. Public sector routes have also been subjected to 'efficiency' changes, with fewer deliveries. This has meant far larger volumes of food being delivered at once, but no place for a raft of public sector settings to store these goods due to limited kitchen capacity. In a number of cases this has led to less fresh food being delivered and menu changes to compensate. The Shropshire review, which looks at addressing labour shortages in the food supply chain, should therefore include the wholesale sector.**
- **Take a measured approach when setting new employment policies to ensure the impacts of new legislation take account of the needs in the wholesale sector.**



Sustainability

Our mission statement

We are fully committed to a green and sustainable future which we will achieve by empowering wholesalers with the skills and knowledge needed to achieve net zero by 2040, a full decade ahead of the UK's climate targets.

Context

Earlier this year, FWD published the Wholesale Net Zero Roadmap which is a practical guide developed by FWD, in partnership with the Scottish Wholesale Association and 3Keel, to assist wholesalers to be carbon neutral by 2040 – a full ten years ahead of the UK's 2050 climate targets.

The Roadmap lays out practical actions to guide wholesalers in developing their net-zero strategies. It offers a comprehensive analysis of the carbon footprint of the UK wholesale sector and highlights key policy recommendations that can facilitate a successful transition to a low-carbon economy. It further offers members a Net Zero Roadmap calculator and the accompanying practical how-to guide within the report. The calculator empowers businesses to monitor and comprehend their own emissions, enabling them to effectively meet low emissions targets and contribute significantly to the decarbonisation of the entire sector.

We believe that by working in partnership with government, our members can accelerate the UK's journey to net zero if we are able to secure a stable regulatory and investment environment from investors.

Our asks of government

- **Offer a clear and consistent strategy for road freight decarbonisation to facilitate investment in zero-emission vehicles.**
- **Standardise corporate reporting requirements of scope 3 emissions data to ensure greater availability, consistency, and quality data.**
- **Ensure a dialogue that guarantees accurate, science-based communication around climate change, net-zero emissions, and sustainability, while fostering climate literacy and preventing the dissemination of false information and policies.**



Communities

Our mission statement

Our members are the lifeblood of their communities, both employing and supplying them. We are dedicated to safeguarding our members and their staff to ensure they are able to serve their communities and contribute to sustained growth across the country.

Context

Wholesalers supply food and drink to critical public service infrastructure, supplying meals to schools, care homes, hospitals and prisons across the UK. Even throughout the Covid-19 pandemic, members were supplying meals at a financial loss to ensure the most vulnerable in our society are able to access food.

Fast forward to present day, the wholesale sector is currently under extreme pressure from shocks to the industry: from the rapid acceleration in food inflation, energy and fuel bills escalating, increased labour costs and the ongoing conflict in Ukraine. As wholesalers continue to recover from the pandemic, they now find themselves in a situation where they are still struggling to fulfil their public sector food contracts, with some members servicing them at a loss. While they are facing these challenges, our members are committed to servicing the public sector, to provide meals to our society's most vulnerable.

Amongst our local communities, our membership is also under threat from the growing number of incidents of wholesale crime. It has become commonplace for bags of tobacco worth up to £25,000 to be routinely stolen from trucks in transit and from customers in cash and carry car parks. This product is then sold on the black market. There is a real danger that those targeted could be injured while protecting their stock, or worse. Many thefts and robberies involve violence and intimidation, placing our members, their staff, and customers at significant risk. Most recently, one member reported over £500,000 worth of robberies following repeated incidents.

Our asks of government

- **Ensure the Criminal Justice Bill tackles wholesale crime, to guarantee that it is afforded the protections it requires. FWD would also welcome an addition to the Bill to introduce a specific offence for assaulting a retail and wholesale worker**
- **Commit to a real inflationary increase in funding for public-sector catering and ring-fence the funding for catering costs, to allow the continued supply of healthy food to schools.**
- **Introduce a condition which allows contract price increases more regularly than once a year if a threshold is met (e.g. inflation is over 5%) to ensure contract terms are favourable in the procurement market.**



Supply Chain

Our Mission statement

The wholesale sector plays a pivotal and often overlooked role in the food supply chain. Our members often operate on razor-thin margins, which has been exacerbated by rises in supply chain costs. Rather than being an after-thought, the role of the entire supply chain must be considered when developing policy.

Context:

The wholesale sector plays a pivotal and often overlooked role in the food supply chain. Wholesalers are the essential link that ensures a seamless flow of food and drink to corner shops right the way through to prisons and zoological sites.

The wholesale supply chain operates on razor-thin margins and is all about fast goods one-way, fast cash the other. For example, delivered wholesalers operate on 15-25% gross margin, but their earnings before interest and taxes (EBIT) are a mere 1%. This is a testament to the speed at which goods move from one end of the supply chain to the other, and the need for rapid cash turnover.

The supply chain also has significant overhead costs, encompassing expenditures for warehousing, vehicles, and refrigeration facilities. Investment in this infrastructure is essential to maintaining the integrity of the supply chain. In this industry, where margins are already tight, any increase in operational costs can prove to be an insurmountable challenge.

Looking ahead to the future, the development of AI could bring about opportunities for the supply chain. With the UK at the forefront of this new technological frontier, AI could transform the wholesale sector, for example, by driving more decisions on customer demand and transportation routes. As we understand more about the opportunities and risks of the fledgling technology, the wholesale sector and the supply chain must be considered when developing policy.

Our asks of government

- **Ensure a joined-up approach to food and drink regulation across the devolved regions as any divergence leads to significant added costs and complexity for wholesalers operating in the four nations of the UK. Wholesalers already operate within extremely tight margins.**
- **Support the development of a more efficient and effective supply chain by delivering a more hands-on approach to support industry's adoption of automation and digitalisation.**
- **Work closely with the industry so we can build a resilient and sustainable food system.**