

# Cultivating Co-operatives

organisational structures for  
local food enterprises



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# Foreword

Cultivating Co-operatives is a partnership project between us (Soil Association) and the Plunkett Foundation, working closely with Co-operatives<sup>UK</sup> and funded by Co-operative Action.

The project was set up in response to the needs of an increasing number of community-based local food initiatives. These initiatives wanted to find appropriate organisational structures that meet their needs without unnecessary expense or use of time. The project was then expanded to cover the whole of the local food sector.

Food and farming has an important role in creating our culture, landscape and health. We could have a system that best serves the interests of a centralised industry, or we can put the interests of communities, local economies, the environment and health first. Local food enterprises bring people together to make this possible.

We have produced this toolkit to help local food enterprises develop their organisations, allowing them to work effectively and achieve their aims. We have developed it through research and through advising a number of new initiatives. The focus of this toolkit is on the law as it applies in England and Wales, as the laws in Scotland and Northern Ireland are different (particularly for charities), although the principles of organisational development apply across the UK. If you have any suggestions for how we can improve this document, please contact us.

# 1 A toolkit for local food enterprises



# Advice and information to help you set up a successful local food enterprise.

## 1.1 What is this toolkit for?

This toolkit aims to:

- help activists, producers and agencies who want to set up a local food enterprise or develop an existing one; and
- identify the most appropriate organisational structure.

Local food enterprises, especially community-based initiatives, often need to meet the interests of many people and so need new legal arrangements ranging from simple agreements to complicated co-operative structures.

The toolkit provides advice and information for those involved in setting up local food enterprises who want them to be successful in the long term.

There are two aspects that decide an enterprise's organisational structure. These are:

- who owns the enterprise and how it is controlled (ownership and governance); and
- how to legally protect the interests of those involved in the enterprise, and make sure the enterprise remains involved in the activities it was created for (legal form and constitution).

## 1.2 How do I use the toolkit?

All enterprises tend to face many of the same issues, and there is a wide range of information and help available.

We have designed this toolkit especially for local food enterprises. It deals with everything you need to develop your enterprise, beginning with an

idea, finding people to work with and considering how to work with them to everybody's benefit.

You should think carefully through the aims of your enterprise: who are the different people involved? What are their concerns and interests in the scheme? When you are clear about this, you are ready to ask for professional advice and will be in a good position to make the most of the adviser's time.

The toolkit has four main parts.

- **A toolkit for local food enterprises**

This is the introduction to the toolkit and how to use it. It describes local food enterprises and the issues they face.

- **Developing an organisation for your local food enterprise**

This part helps to identify aims and consider an arrangement that would satisfy everyone involved in the new enterprise (an organisational model). On this basis an enterprise can go on to adopt an appropriate legal structure.

- **Protecting your new organisation**

Having considered who owns the enterprise and how it will be controlled, this part gives a summary of the available legal structures that will legally protect these interests. It also includes a questionnaire to help you.

- **Case studies**

Each case study contains information about what activities the enterprise is involved in, how it came about, and the way in which it is financed and organised (including any legal framework it might follow). This information will help people considering setting up similar schemes to see how those already in operation have been set up and what benefits and drawbacks different organisational structures have.

### 1.3 What is a local food enterprise?

We define local food as:

“Food derived from a system of producing, processing and trading, primarily of organic and sustainable forms of food production, where the physical and economic activity is largely contained and controlled within the locality or region where it was produced, which delivers health, economic, environmental and social benefits to the communities in those areas.”

So, a local food enterprise is any business involved in producing, processing or trading in local food. These enterprises shorten the distances between producers and consumers, promoting local produce.

The following list shows the range of local food enterprises (you can find some examples of these in part 4).

- Allotment groups
- Art projects
- Children’s gardens
- City farms and community gardens
- Community allotments
- Community orchards
- Community-supported agriculture (CSA)
- Cooking clubs
- Farm demonstration and educational facilities
- Farm shops
- Farm support groups
- Farmers’ markets
- Food-buying co-ops
- Food festivals
- Horticultural and farm therapy groups
- Local public-sector procurement (schools, hospitals and so on)

- Publicity campaigns
- Restaurant agriculture
- Vegetable box schemes
- Women’s Institute markets

Community-based food groups are an important part of the local food sector, contributing much to the image and social benefits of local food. Some of the large not-for-profit local food agencies began as community groups, including us. Community groups can encourage skills and ideas but they often continue successfully for years on a small scale. There are very many community local food groups, mostly unrecorded and informal. Many are concerned with food poverty and increasing access to healthy food, and knowledge and confidence about preparing healthy food. For examples and case studies, see [www.localfoodworks.org/library](http://www.localfoodworks.org/library)

To be clear, local food is quite separate from ‘locality’ and ‘speciality’ foods, which were defined in 2002’s Policy Commission report *Farming & Food – A sustainable future* as:

“Food with a clear regional provenance but which is often processed, traded or sold outside the area it has been produced. It has an emphasis on quality and conveys a sense of place of origin, of its own distinctive landscape, breeds and culture in the wider world.”

### 1.4 What are the benefits of local food?

#### The benefits for customers

By supporting local food enterprises, customers may:

- receive fresh food and know where it is from;

- improve their understanding about food production and the real costs involved;
- improve their knowledge of what produce is available in each season and of new and traditional varieties;
- have access to local farms as a resource for education, work and leisure;
- improve their health through better diet, physical work, socialising and spending time in the countryside;
- develop a sense of belonging to a community;
- influence the local landscape; and
- help farms work towards farming methods that won't damage the environment in the long term (such as organic farming).

#### **The benefits for producers**

Producers can:

- receive a more secure income, which improves business planning and gives them more time to concentrate on farming;
- receive a higher and fairer return for their products by selling direct to the public and 'cutting out the middleman';
- raise more money and receive financial support from local communities;
- improve their status in the eyes of customers by providing their food;
- become more involved in the local community;
- respond to customers' needs; and
- communicate and co-operate more with other producers.

#### **The benefits for society**

Communities:

- enjoy the environmental benefits of being able

to buy fresh food locally, less packaging, and ecologically sensitive farming with improved animal welfare;

- see the local identity reinforced, and improved care for local land;
- promote a local economy that is helped by higher employment, more local processing and local customers, and bringing money into the local area; and
- improve social networks, social responsibility and a sense of community and trust.

## 2 Developing an organisation





# New local food enterprises need to choose the right organisational option – one which gives appropriate power and responsibility to everyone involved, and distributes its profits and services fairly.

## 2.1 Getting started

### 2.1a

#### Is the enterprise needed and could it be successful?

Why develop a new local food enterprise? How do you identify the need?

To be successful, local food enterprises should be in direct contact with, and respond to, the needs of the customers who represent the market for their products and services. Research into the opportunities and needs for a new initiative will make sure that it meets actual local needs. Time taken on research at this early stage will be beneficial throughout the development process as it will provide basic information on what services and products are needed and show whether the key people involved are committed.

### 2.1b

#### Where to begin?

Finding people to work with

Successful local food enterprises, like any other business, recognise people as essential assets. This is especially the case for community-based local food enterprises, where it is essential to use the potential of other people involved or activists to get the group started effectively and with every opportunity for success. Although the first research will have identified some key people, other contacts will be essential. Word of mouth often works best and the organisations listed in 6.1 (page 79) may provide some useful contacts. Some areas have a local food links organisation, which may tell you about existing food groups. We can provide a list of areas served by local food links (see [www.soilassociation.org/localfood](http://www.soilassociation.org/localfood)).

While looking for people to join when beginning a new group, you may find an existing group that is already dealing with the issues you want to work on. As a result, a positive and cost-effective way forward might be expanding their existing business or a joint arrangement between you.

At this stage, we would advise you to set up a steering group representing a cross-section of your possible members. Their role is to help develop the group to a stage where all possible members are able to:

- agree to go forward based on the steering group's recommendations;
- ask for more information or amendments; or
- decide that the opportunities are not adequate to take the initiative any further.

The work of the steering group should be set out in writing to make sure everyone is focused – in particular, a timescale for finishing the project and presenting proposals to all other possible members.

## 2.2 Who are we?

The stakeholders are those who run, use or are otherwise affected by the service you propose. Usually, the stakeholders of a local food enterprise are:

- producers;
- processors;
- distributors;
- customers;
- landowners; and
- investors.

# Whatever motivation is the driving force behind developing a new organisation, its success will depend on how committed its members, board and staff are.

When wanting to set up a new organisation, it is worthwhile hearing from people who will be affected and arranging for them to hear each other. Why do they really want to be involved with the group, what do they need, what do they believe in, what do they want to achieve? You could ask people to interview each other, ask them open questions, listen carefully to what they say, and ask for their reasons.

In this way, the group will be able to understand each other, work with people's enthusiasms and deal with real needs. This process will also identify whether the new enterprise is really suited to being a community group or whether people's ambitions to develop the group might be better suited to an enterprise that is led by investors.

Whatever the outcome of the planning process, it is essential at this stage to make all stakeholders aware of the need to make sure the organisation can make a profit. It must compete with other organisations in meeting both demand and the ability to pay for the goods and services it provides. Many community organisations fail to achieve their potential because they do not aim to maintain adequate levels of profit to be able to continue to meet their social aims.

There is a growing number of experts in community planning and a number of tools you can use to help people contribute in meetings. If the main members of the group have no experience of these, it may be worth asking the advice of somebody who has, such as a community development worker. See part 5, 'Meetings' (page 70), for the basic tools to use.

## 2.2a

### Social capital

What commitment is there? What is the relationship?

Whatever motivation is the driving force behind developing a new organisation, its success will depend on how committed its members, board and staff are. Commitment needs to be *real* and in some areas it can be enforced by law.

This is probably the most difficult area in developing these groups in that much of the work may be voluntary and members sometimes want to make internal relationships more formal. However, where investment (and so financial risk and reward) is involved, it is essential for all stakeholders that they are aware of their commitment and responsibilities.

Membership is a two-way thing – it provides access to services but it also needs commitment to make it work. If membership is to have value, accepting responsibility (that is, commitment both to use services and provide funds appropriately) should be built into the legal process.

All new businesses need money for investment and to run effectively. Also, all community activity needs 'social capital' (relationships of trust and mutual support), which the community can use.

In strong communities people know each other – there is a sense of belonging, there are exchanges with mutual benefit, social organisation, networks, partnerships, co-operation, friendships, shared plans, trust and a sense of being able to change things together. People feel some sense of ownership about what is happening – they feel like they have a part in it and they get involved.

A community group might consider how to create social capital. See 5.3, 'Involving the community' (page 72), for some ideas on how to run efficient meetings and get people involved.



## 2.2b

### **Agree roles with power and responsibility**

Who owns, controls and benefits your organisation?

It is important to identify who owns the organisation. Whatever legal structure is put in place, ownership should be directly linked to involvement – current use of facilities, services or buying products and so on. If people who are not members can decide the policy or future of the group, this will not serve the interests of current members or the people the business aims to benefit.

Control will depend on the board, main group of members and management structure, and should be appropriate for the work to be carried out. In general terms it is essential that the organisation has firm leadership and effective control.

The board or main group of members must be able to direct the strategy and policies of the organisation, but at the same time allow management and staff (some of whom may be voluntary) to get on with the day-to-day running within an agreed framework.

Having a formal structure or an agreed operating method makes sure that groups can be managed in line with agreed procedures. However, the structure should be flexible so that decision-making does not become complicated and ineffective.

Again, the legal structure (if incorporated) will set out many important areas of control. For example:

- do the members pass operational responsibility to their board or main group?
- are there cases where the board or the

development group have to refer to the members? If so, will decisions then be taken by vote or general agreement?

- what are voting rights at general meetings or board meetings?
- how are members of the board or core group elected?

Members should have the necessary power and resources to carry out their responsibilities. For example, if a worker is employed for one day a week with no budget, they cannot and should not be given sole responsibility for meeting unrealistic expectations and requirements of the members.

The benefits that come from the group (including financial benefits) should pass to the people who currently use the group's services. Community groups do not reward the investor – they provide benefits to members or the people they aim to benefit by meeting their needs and ambitions.

If profits are allowed to be distributed (usually as refunds against payments made by members to the group), they should be distributed in direct proportion to the individual member's payments compared to the total payments made by all members (or some other agreed method achieving the same aims). Arrangements should also be made for distributing profits in a similar way if the business has to stop trading.

Businesses who do not distribute profits, or who allow undistributed profits to build up over what is needed, run the risk of less committed members wanting to distribute available funds in other ways, which may include winding up the organisation.



## 2.3 What do we want to do?

### 2.3a

#### **Specify aims**

It is not unusual to find groups that are formally registered before deciding what they actually want to do. This means they can waste scarce resources (time and money) and launch a group that is not prepared, with a much reduced chance of success.

It may be obvious, but if you don't know where you are trying to go, you won't know how to get there. So, you should begin by deciding the main aims and purpose of the group. It is essential at the start to be specific about what the aim of the group is, particularly before you invite other people to become members. Failure to do so will create possible misunderstanding among the main stakeholders – for example, 'to set up a food co-op supplying local food' rather than 'to do something about local food'.

It is also worth thinking about the kind of group that is most relevant to those wanting to create it. What are the specific main characteristics of a group for the identified possible members? When you have a summary about the kind of group that best meets members' and beneficiaries' needs, you can tailor the appropriate legal structure and operating systems in line with those.

### 2.3b

#### **Agree principles and values**

At an early stage you should agree the principles and values the group will work to. For example, 'we believe that all people should have access to healthy food' or 'we believe that food should be produced in a way that supports biodiversity'.

Successful groups have a clear vision of what they want to achieve. If you have many objectives,

it is essential that you identify the most important ones and that all members understand this. The group needs then to agree clearly what it is trying to achieve. If objectives are specific, it is clear whether or not they have been met – for example, 'we will supply 30 low-income households with a weekly box of local organic vegetables' rather than 'we will tackle food poverty'. The objectives also need to be realistic and achievable.

## 2.4 Making a business plan

The main role of the steering group is to prepare an action plan and a draft business plan, which all possible members can agree, approve and take responsibility for. Responsibilities for the steering group will include who will do what and by when. Having agreed and prioritised objectives, the plans should set out in detail the proposed way forward.

### 2.4a

#### **Structure of a business plan**

Preparing a detailed business plan is an important requirement for all new businesses. The main purpose of a business plan is to satisfy the founders that the planned group is commercially realistic and that they have the skills needed to put it into practice. Banks and other stakeholders will also need the plan to convince them that the business has been well thought through. The benefits of a good business plan cannot be overstated.

The business plan should be prepared by the founder members of the business, not by the development adviser. Preparing the plan serves as a valuable learning exercise for the founders, which will mean that they face critical issues at the planning stage before they are faced with them

# Agree the principles and values the group will work to. For example, 'we believe that all people should have access to healthy food' or 'we believe that food should be produced in a way that supports biodiversity'.

in reality. The development adviser will normally play a significant role in helping the group to understand what is needed in the plan and to comment on successive drafts. However, the main work should be carried out by the group itself.

As with marketing literature, there are many textbooks which explain how to prepare a business plan and describe the necessary sections. This part describes only the typical sections which should normally appear in a business plan. The actual order of sections may vary. However, the following are the minimum needed for a good plan.

- **The idea and business model**

A description of where the idea to set up the group came from, the identity of the founders, a summary of the business model, and why its founders believe it will work.

- **The product or service**

A detailed description of the products or services the group will offer, both to its members and to the customers of the business if these are different. In particular, this section of the business plan should show that the business is able to produce the products or services of the quality and volume needed.

- **The market**

A description of the market the products or services are targeted at, how the group will create an advantage over its competitors, and the share of the target market. This section will also set out the planned pricing policy of the business and how it will promote and sell its products to the target markets.

- **The structure**

The organisational structure of the business, made up of the organisational model and its legal structure (if it is incorporated). For

incorporated organisations, the memorandum and articles of association or rules should be included as an annex to the plan, following registration with the appropriate registry. If the group is to use member agreements, this should be shown with templates provided as examples.

- **The people**

This section will provide details of the founder and possible members of the group, how they will control the business, the planned management structure, and details of any staff who have already been appointed. Job descriptions should be provided as an annex for the main staff positions (whether employed or volunteers). The business plan should show that the directors and management have the knowledge, skills and experience needed to successfully establish and run the business.

- **The financial plan**

Finally, all the sections of the business plan will be brought together in a financial plan. This should include at least the following statements, together with a paragraph explaining the assumptions the statements are based on.

- Projected profit-and-loss accounts (for the first three years)
- Opening and projected balance sheets (for the first three years)
- Projected cash-flow forecast (monthly for the first three years)
- Projected returns to members compared with existing returns
- Tax issues (for example, mutual tax status – see 3.6 on page 36)

A business plan should develop over time as the group develops its ideas. The group will also find

that the plan gets larger with time! Until the business is actually established, the business plan will be the main way in which future partners assess whether the business and its members are convincing. As a result, the business plan should aim to be as professional as possible for the members to produce.

After completing the action plan and business plan, you should check that they include everything to make sure the group would fully meet its aims. Also check that everything in it is the most efficient way of meeting those aims. You should then give the plans to the possible members for discussion.

## 2.5 Getting established

If the members approve the business plan, you can then start putting it into practice. The success of this will depend mainly on how realistic the information, forecasts and recommendations in the plan are.

The business plan (see 2.4) will provide details of all areas the group will need to deal with and put in place. However, you should examine certain areas in a little more detail.

### 2.5a

#### Legal structure

Choosing the correct or most appropriate legal structure is at the heart of this toolkit and the various options are set out in detail under part 3. You should also remember that incorporation is not always appropriate and that unincorporated organisations have much to offer (see 3.1 on page 26).

Although you can choose the legal structure that suits your organisation best, we would recommend

incorporation (creating a legally recognised corporate body) that provides limited liability, especially if any kind of members' financial investment or risk is involved. Again, where capital investment (equipment, premises and so on) is likely to be considerable either at the beginning or planned for the future, a company limited by shares (with appropriate memorandum and articles) or an industrial and provident society (with appropriate rules) is a good option. Where capital investment is small and members are likely to join and leave more often, we recommend a company limited by guarantee or an industrial and provident society. For groups who are involved in activities with little or no financial risk, you may consider unincorporated structures but you should make sure that they would meet future needs.

It is important that whatever structure you choose, you make sure that the memorandum and articles, rules and so on meet the specific needs of the group. Many groups have had problems and extra expense as a result of using documents from another group to save money. As a result, professional guidance at this stage is very important.

### 2.5b

#### Finance

Your members are responsible for making sure that the group has enough money to cover set-up costs, capital expenditure and running costs. While grant aid may be available, it may be available only for a very limited period. In any event, you should see grant aid as a bonus. Groups who do not make full arrangements to meet costs without grants are less likely to ever become self-sufficient. Bank loans may be an option, but for a new business without any track record this may be difficult.

Within incorporated groups, investment from members is usually in the form of shares, or a combination of shares, member loans and profits kept within the business ('retained reserves'). However, whatever method is used, each member's investment should ideally be related to how they use services or facilities. Investment in a community group allows the members access to services and is not intended to show the level of control or an opportunity to benefit from capital growth, dividends or interest. Members may also be asked to pay a joining fee, which can be varied each year if all members approve. This reflects the benefits to new members of joining an established organisation and compensates existing members for their extra efforts and perhaps risk.

Profits or losses relating to each financial year should, after transfers to the general reserve (if any), theoretically be distributed to members in line with trade they have carried out during the annual accounting period. Quite often, the directors can decide whether these reserves should be paid out (or deficits recovered) and members are not entitled to any payment from a reserve fund until the directors decide to do so.

Running costs, the cost of services and so on are paid from either members' charges or the profit created from commercial services. In setting both charges and trading margins, it is important that they are based on accurate forecasts (including allowing for possible bad debts) and include arrangements for emergencies and unexpected costs. The different methods of paying running costs are affected by tax. However, tax issues in general are not covered by this toolkit so we recommend that you get professional advice in the early stages to make sure both the group

and its members take advantage of any tax benefits that are available.

#### **2.5c**

##### **Forward planning and budgeting**

It is essential that:

- the board or steering group have in place a formal system of forward planning (budgeting); and
- it is possible to compare these forecasts against actual performance (see 'Roles and responsibilities' overleaf).

It is important that this process is carried out regularly and that all board or group members (including managers and staff) take part, particularly in setting financial targets. We also recommend that members are fully involved, usually to review the draft figures put forward by the board. Where commercial confidentiality is involved, that information should not be passed on to members.

#### **2.5d**

##### **Operational procedures including staffing**

While the level of detail will vary between different types of organisation, all groups should document their main operational procedures (for example, invoicing procedures, credit limits, quality-control procedures, payment procedures and staffing policies, including holiday entitlement and discipline or grievance procedures). Relationships between members and the group are covered (where in place) by the members' agreement (see 3.8 on page 38). However, where this is not part of group policy, other documents covering this should be available.



## 2.5e

### **Roles and responsibilities**

The development of a group, like any other type of business, relies on the determination, competence and honesty of its directors or, for unincorporated bodies, members of the core group. The roles and responsibilities of elected directors have changed considerably in recent years. Legal responsibilities for incorporated organisations have become more complicated, and increasing competitive pressures on all businesses in the agri-food sector means that board members need considerable commercial expertise to carry out their functions effectively. While there will obviously be different legal and other levels of responsibility between those involved with incorporated organisations and unincorporated organisations, it is not unreasonable for all directors and group members to assume that they are responsible to:

- members, for protecting the assets and the effective running of the business;
- employees, for job security and providing reasonable working conditions;
- creditors, for paying debts when necessary; and
- the general public, to act in the public interest.

While the following relates specifically to incorporated organisations, we recommend that those responsible for unincorporated organisations should also use the following guidelines (where appropriate), in particular those relating to good corporate governance. Legal liabilities will obviously be different for those responsible for unincorporated organisations.

A director can be held liable by law for behaving irresponsibly or fraudulently. However, directors who act honestly and in good faith for the good

of the group, with knowledge of the group's legal requirements and activities, are unlikely to be held liable for their actions.

Directors normally pass the day-to-day running of the business to professional managers, and their decisions are reinforced through the reports they receive from them. A good director allows managers to manage while concentrating on developing strategy and policy.

The roles and responsibilities of directors may be summarised as follows.

#### **Relating to the activities of the business**

- Deciding the corporate aims of the business
- Approving policies and plans developed by managers
- Making sure that managers keep adequate records and control systems
- Making sure that the managers report to the directors when agreed
- Employing a competent chief executive or manager, monitoring their performance and paying them an appropriate salary
- Reviewing the business each year with senior managers, relating to its aims, strategy and plans
- Maintaining communication with, and the involvement of, members
- Reflecting the changing needs of members

#### **Relating to the rules of a business**

- Knowing and understanding the rules or memorandum and articles and the structure of the business
- Knowing and understanding the members' agreement and any other legal agreements
- Developing proposals on paying profits into reserves or to members (or both)



# Directors should be aware that they have specific legal liabilities which could, under some circumstances, result in them having legal action taken against them.

- Making decisions on paying funds to members leaving the organisation
- Declaring to the board any interest which may conflict with the interests of the group

## Personal responsibilities

- Finding enough time for the group, particularly to take part in board and steering group meetings
- Working with other directors and accepting majority decisions
- Not discussing confidential group business with others outside the boardroom
- Not asking for, or expecting, special treatment for themselves or their friends
- Showing they are loyal to the group
- Improving their ability as a director, through training programmes and so on

## 2.5f

### Legal liabilities

Directors should also be aware that they have specific legal liabilities which could, under some circumstances, result in them having legal action taken against them. These are summarised below.

#### • Ultra-vires actions

When a company or society is legally created, the aims for which it is set up are specified. If the business then acts outside its aims (known as 'ultra-vires actions'), any contract entered into has no legal force. Where the organisation is a company, the other person involved in the contract can support it in the usual way. However, if the company suffers a loss as a result, the directors can become personally liable for the losses caused. As a result, it would be careless for a director to act without reading carefully

the powers and rights given when the legal organisation for which he or she has responsibility was set up.

#### • Personal interest

If directors place themselves in a position in which personal undeclared interests conflict with those of the organisation, the organisation may recover the profits made by the director as a result of his or her conflicting interests.

#### • Interest in contracts

If a director (or a person connected with the director) has a personal interest in any contract in which the group is, or intends to become, involved, this must be declared. The director should not vote or take part in the discussion resulting from this. The discussion should also be recorded. If the interest is not declared, the company can set the contract aside and claim against the director for any loss suffered as a result of the director's actions. In groups, all the directors are likely to trade with the business under the same terms as the broader membership. As a result, this is not seen as a conflict of interest between the business and the individual directors.

#### • Statutory returns

If individual directors fail to make statutory returns (for example VAT), they may be fined or imprisoned. Directors should use their professional advisers so that they do not fail to make these returns.

#### • General law

A large number of legal acts, such as the Road Traffic Acts, Health and Safety, Trading Standards and so on, place duties on all businesses. If a director breaks the law, it is usually the company that is fined. If specific directors had responsibility for the company's

safety policy and the Safety Inspectorate felt they had not taken their duties seriously, they may be taken to court personally as well as for any action brought against the company.

The possible damages following an accident can be enormous. For example, directors who make sure that vehicles are regularly serviced and maintained are less likely to suffer vehicle breakdown. If a heavy vehicle was on a hill and ran out of control, they would have the defence of knowing when it was last serviced. However, if directors are not careful in matters such as these, there are large possible risks. We recommend both care and insurance.

## 2.5g

### **The roles of the board**

As well as carrying out the roles and responsibilities listed above, we recommend the following issues for controlling a business effectively, although the size of business will decide which issues are appropriate.

- **Payment**

Directors should normally be paid a fee and expenses, both as a proper reward for their work and as a token of their responsibility. However, this may be difficult in the early stages of a business due to financial pressures.

- **Balance**

Directors should provide a range and balance of skills, although their main role is to act as a collective body, rather than as individuals with their own interests and concerns.

- **Outside directors**

Non-executive directors can bring useful specialist experience or skills that are not present on the existing board.

- **Size of the board**

Boards with fewer than five members are unlikely to have an adequate balance of interest to control the business effectively. On the other hand, boards with more than 12 members are likely to be unrealistic.

- **Board members**

Ideally, a good social mix (age, sex and race) should be represented, to make sure that the opinions of different groups of members are adequately represented.

- **Duties**

It is useful for duties to be passed to specific directors for carrying out certain tasks on behalf of the board. For example, one director may deal with finance, another with sales, and another with agronomy and quality of produce received.

- **Preparation**

Board meetings should be adequately prepared, so that board members are well briefed and can study their papers beforehand. This is particularly important for financial information.

- **New board members**

We recommend that directors should stand down after a certain period on the board. Boards with many members will often find it convenient to pass on power to carry out specifically agreed items of business to a subgroup of its members, including the chairperson and vice-chairperson, if these are appointed. These members are usually known as an executive board or a chairperson's committee. The main board should set the limits of authority of the executive board.

## 2.5h

### **The relationship between the board and managers**

An effective group is built on a good relationship

between members, the board and its employed managers. Each has a different role to play but needs to understand each other's role to work effectively as a whole. The relationship between the board and managers is particularly important. Their responsibilities may be summarised as follows.

#### **Boards**

- Set the overall aims and strategy of the organisation
- Approve strategies and policies for each sector of the business within the framework of these aims
- Make sure effective management control systems are used
- Appoint the chief executive and make sure he or she is effective and manages the business in line with the agreed aims and strategy

#### **Managers**

- Carry out the day-to-day business effectively and profitably, in line with the agreed aims, strategy and policies
- Propose policies to achieve the aims and strategy
- Put into practice and use effective management control systems
- Give the board up-to-date information about the business

#### **2.5i**

##### **Board and management control**

The board, steering group and managers are responsible for controlling the business. Directors have to answer to members for the performance of the business and must work within the rules or memorandum and articles, and in line with the member agreement and membership regulations.

#### **2.5j**

##### **Planning**

Groups should produce a business plan each year. Like the first business plan, this document should develop when necessary and cover a three-year period (with year 1 presented in full detail and years 2 and 3 in outline). The plan should be updated each year so that the board can monitor actual performance against the plan.

To produce the business plan, members, managers and the board will need to be involved. It is important that those who are to be monitored in relation to the plan are aware of what the plan contains and have contributed to and agreed with the contents.

#### **2.5k**

##### **Reporting**

Regularly comparing actual results with the planned position at that date is the most important and effective way by which the board and managers can control the business. How often this takes place will depend on the size of the business. It is essential that the information is up to date and easily accessible. In this way, if for some reason the business does not follow the plan, managers are able to take any necessary action before difficulties become crises.

However, information for managers should not be restricted to purely financial information. Where bare sales values are given, these can be misleading due to price changes between seasons in the case of agricultural marketing businesses. Tonnage handled may be a better measure of activity. The directors must decide what is the most important information that gives a full understanding of the performance of the business.

It is never enough to look just at the bottom line

when comparing actual performance against the plan. All of the sections should be considered and unusual results examined until they are understood, and action agreed if necessary. Apparent good news which comes from the plan should also be examined – it may be wrong!

We recommend that you do not alter annual budgets unless significant changes in the business environment take place which make them useless. Failing to achieve forecasts does not itself mean changing the budget. The budget represents the standard of what was considered desirable and achievable at the beginning of the period. Results, however poor, can still be measured against it. It is essential that you prepare latest estimates to the end of the financial year as part of the reporting system. In particular, you should use these estimates to change the cash-flow forecasts so that you can still cope with changes in circumstances with the funds available to the business.

All temporary financial information should include an updated balance sheet prepared at the same date, showing how the assets of the group are held and how much the group owes to others.

Directors should also introduce internal control systems (appropriate to the business) to make sure proper records are maintained and assets are protected. The following types of internal controls are usually needed.

- Continuous stock control (including regular stocktakes)
- Ordering and procedures for signing cheques
- Fixed-asset register
- Credit control
- Cash control
- Use of vehicles and other plant records
- Land and building maintenance records

Directors should be made aware of everyone who owes money to the business and has not met the agreed payment terms. They may be able to apply pressure, or to stop supplies, until debts are paid. If the debts are not paid, directors will need to make appropriate arrangements against bad debts. Care is also needed on valuing the stock held. The directors should broadly know what all the items are, where they are and how they have been valued.

The following checklist can help directors put a good reporting system in place. This checklist is only a guide, as each group must introduce control procedures and reporting systems that are appropriate to their own business.

## 2.51

### **Board and management control checklist**

- Does the group have budgets that have been properly thought through?
- Does the business compare the year's performance so far with:
  - the year's budget so far?
  - last year's results?
  - revised estimates for the current year?
- Are reports prepared regularly (every week, month or three months as appropriate)?
- Are reports prepared when necessary (soon enough after a period to be useful)?
- Are the reports easy to understand? The people reading them must understand them, otherwise they are a waste of time. The problem may need tackling by both the writer and the people reading the reports.
- Are the reports informative and relevant? Concentrating on important information helps this, especially when exceptional items are noted.

- Do the reports contain information which is not used? Delete any information that is not needed.
- Question the costs set out in reports. For example, the cost of night watchmen may be charged to eight different budget lines because they walk around the site, or stationery costs could be set against numerous 'cost centres' (areas of work – for example, marketing, finance and so on) so that the overall cost to the business is hidden.
- Is the information the reports are based on properly maintained? Unless books are kept properly, all reports will be suspect.

#### 2.5m

##### **Minimum financial information for board meetings**

Based on the comments above, we suggest the following financial reports as a minimum requirement for all board meetings.

- A general written report on the performance of the business since the last meeting, noting any exceptional events.
- An income and expenditure or profit-and-loss account for the year so far.
- A balance sheet to the end of the same period
- Notes on the main balance sheet items – for example, arrangements for bad debts, bank balances, stocks, and comments on solvency.
- 'Key performance indicators' – that is, measures of activity, units sold, tonnes stored, heads of cattle sold and so on.
- An updated cash-flow forecast.

#### 2.5n

##### **Keeping members updated**

Directors are appointed by the members. As a result, they must give those members an annual report of their activities, together with the audited

accounts of the business. They must also keep members informed of what is going on in the business. Effective groups will communicate with their members in many of the following ways.

- By providing regular reports on the financial progress of the organisation.
- By advising on new market opportunities.
- By advising on market preferences for new varieties, packaging, grading and so on, which will allow members to make plans in their own businesses.
- By reporting progress so far on harvesting, crops stored and new construction work.
- By discussing problems of current interest to members, such as plant disease or improved handling techniques.
- By reporting staff changes or other changes in procedure.
- By preventing unhealthy speculation or rumours when problems do arise, and keeping the confidence of the users.

Group members who feel, rightly or wrongly, that the managers and board of the business are not interested in the members will soon withdraw. Communication can be through local meetings, newsletters, meetings at a central venue, study groups or farm visits.

## 2.6 Making the most of people and information

#### 2.6a

##### **Ongoing involvement**

If people take part, they can play a fuller role in making the organisation work. As part of

# Many organisations do not plan for the day when grant aid is not available and so become 'grant junkies', continually chasing the next pot of grant money that becomes available.

developing the business plan and putting it into practice, it is essential to arrange ongoing opportunities for possible members and stakeholders the group serves to get involved. These could include public meetings, social events, interviews, informal conversations, phone calls, formal consultation events and so on. It may be revealing to ask some questions that allow people to give a wider view of the project as well as exact questions – for example, 'what effect do you think the project has or will have in the village?', 'what issues should the project deal with?' and 'are the vegetables too expensive?'

## 2.6b

### **Tracking progress, adapting and learning**

There is always room for improvement, adaptations and corrections. Making good decisions for the future means having useful information to work from and careful thought. It is good practice to monitor activities of the project, assess what is discovered, and learn and change.

As a result, it is helpful to collect figures and other information. Consider how to measure progress towards the group's aims. For example, if the group's aim is to deal with food poverty, count how many enquiries you receive from people on a low income and how many of these join the project. The group may also decide to find out why some people do not join the scheme and what it could do to meet their needs better.

It is important to plan how the group will monitor progress from the start, and to put in place systems for recording useful information routinely. Collect only information that is actually going to be used – many projects have files full of monitoring forms but never learn anything from

them. It is helpful to have regular reviews. These can consider the reasons for progress, or lack of it, towards the group's aims. Reviews can also look at whether the aims are still the right ones to work towards or whether circumstances have changed. It is easier to learn in an atmosphere which is honest and not defensive.

The people the group is trying to benefit are often the best judges of progress.

## **2.7 Grant funding**

Grant aid for new start-up organisations is extremely valuable, and in many cases essential, to make sure the organisation 'gets off the ground'. However, it can also be a major obstacle to the organisation's success. Many organisations do not plan for the day when grant aid is not available and so become 'grant junkies', continually chasing the next pot of grant money that becomes available. In many cases the organisation has to change its method of operation or, in the worst case, its structure, simply to meet ever-changing grant requirements. Grant aid becomes controlling and the main aims can be lost.

Many grant schemes now favour enterprises that work together and aim to benefit local communities. These conditions are set out in the governing documents (see 3.8 on page 38), particularly within the aims of the organisation.

There are few or no special tax advantages within the major structures used for social enterprises, other than mutual tax status (see 3.6 on page 36).



### 3 Protecting your organisation





# Which legal structure suits you best?

## Decide, with the help of our questionnaire.

### Have a clear idea of who the stakeholders are, how they are responsible for managing the enterprise, and how the profits and services are distributed.

Legal structures are a necessary part of the framework of all organisations. Getting the right one goes a long way towards making an organisation run more effectively.

#### What is legal structure?

Legal structure combines two important areas of an organisation.

- Its legal form – that is, what sort of organisation it is classed as legally.
- Its internal structure – how it intends to operate and govern itself, which will be set out in its governing document or which may be set by law.

#### What is legal form?

Legal form is what sort of organisation it is classed as legally – for example, whether it is a company limited by guarantee or by shares, an industrial and provident society (IPS) or an association.

It is important that the members of an organisation understand how the law may affect it and them. To do this, it is important to be clear about the legal form of the organisation.

Any group of people may join together to achieve aims in which they share an interest, as long as these aims are legal. An organisation set up in this way may be motivated by profit (that is, a commercial venture of some sort), or it may be motivated by social aims (that is, a voluntary or political organisation), or a combination of the two. Unless a group's activities fall into an area which is covered by special rules (such as financial advisory services, a doctor's surgery or running an airline), for most purposes it does not need to tell anyone (other than the Inland Revenue) or ask for permission – it can just get on and do it.

However, many organisations make the decision that:

- their own development means they look towards making their structure or circumstances (such as funding) more formal; or
- they need to adopt a certain recognised legal form.

One of the main decisions involved in choosing a legal form is whether or not to become incorporated. See section 3.1 for details on the advantages and disadvantages of incorporation.

#### What is a governing document?

The governing document is the written statement that sets out the purpose of the organisation, its internal structure, and how the organisation will operate.

The term 'governing document' is a general term. Depending on the chosen legal form, this document might be called one of a number of different names. For example, for unincorporated associations it is called the constitution, for partnerships it is the agreement, for industrial and provident societies it is the rules, and for companies it is known as the memorandum and articles of association.

The governing document should contain information on all the practical matters that allow an organisation to operate. For example:

- its aims and powers to achieve those aims;
- who the members are;
- how and why they can become members;
- how they meet and make decisions;
- whether there is a governing body, what it is called and how it is appointed;

# Incorporation means creating a legal identity for an organisation which is separate from that of its members – a corporate body.

- what happens to profits; and
- what happens to assets if the organisation is wound up.

## 3.1 Summary of legal structures and the options

There are generally two issues involved in deciding the appropriate legal status for an organisation. The first is to decide whether it should be incorporated or unincorporated. If incorporation is considered appropriate, the choice is mainly between registering as a limited company or as an industrial and provident society (IPS). This section looks at these two issues in turn.

### 3.1a

#### To incorporate or not?

Incorporation means creating a legal identity for an organisation which is separate from that of its members – such as a corporate body. In an unincorporated organisation, the law does not recognise any difference between the organisation and its members themselves. A corporate body is considered as a person in its own right – that is a ‘person legal’ (a person as a legal entity) rather than a ‘person natural’ (a human being).

#### Advantages – liability

In an organisation which is not incorporated, such as a partnership or an unincorporated association, those responsible for management (partners or members of the management committee) have unlimited liability, and usually that liability is joint and separate. What that means is that if the organisation fails to pay its debts, those people may have to pay to them. If the liability is separate,

it means the person or organisation that is owed money can try to claim the money from any single person, leaving that person to try to claim contributions from the others. This then means that the burden may fall on those most able to pay rather than on all members equally.

On the other hand all members of a company or an IPS are protected by limited liability. When they agree to join the company or IPS, they commit themselves to paying a fixed amount if the company is wound up with outstanding debts. This amount is usually £1 but where liability is limited by shares, the more shares you hold, the more you stand to lose.

There are times when company or IPS directors may be held personally liable for some or all of the debts of their business, but only where one or more members of the board (or committee) have acted fraudulently or with gross irresponsibility. Generally, the protection provided by incorporation is good.

However, whatever structure you adopt (incorporated or not), if individual members personally guarantee debts of the organisation (for example, a bank loan, an overdraft or a lease), their limited liability cannot protect them from having to pay off this debt if their guarantee is called in. Personal guarantees are separate private contracts between the individual and the lender and have nothing to do with the organisation that will benefit from the agreement, nor with the relationship of the guarantor (the people making the guarantee) with that organisation.

It is important to remember that if an existing unincorporated body is insolvent (that is, it cannot pay its debts when they are due), incorporating it cannot be used as a way of protecting the partners or management committee from liabilities suffered



before the insolvency arose.

As a result, liability is important when deciding whether a business should incorporate or not. We suggest you carry out a liability audit (like a risk assessment). This looks at the risks and liabilities employers face when borrowing money, dealing with the public and so on.

#### **Advantages – owning property and entering into contracts**

Because an unincorporated organisation does not technically exist in law, it cannot own property or enter into contracts. All property will, one way or another, be the personal property of one or more of the members, and one or more people will be responsible for any contracts the organisation may hold – generally the person who actually signed the contract. Unfortunately, property is often bought and contracts are often entered into without it being made clear who is responsible for them nor whether and to what extent the legal owner is to be protected by the organisation.

Not being able to own property jointly can cause problems if someone wants to leave the enterprise or if they die, especially if members fall out with one another. On the other hand, a company or an IPS may own property and enter into contracts in its own right. Members who join or leave do not affect matters.

#### **Advantages – equal risk**

Any democratic organisation will want equal rights for its members, and one aspect of this is equal personal risk. This is relatively easy to achieve in a corporate organisation but is almost impossible in an unincorporated body. Complicated internal contracts can share liability equally, but as enforcing these may mean members have to sue

each other through the courts, they are unlikely to produce a positive result.

#### **Disadvantages – cost**

There are further costs involved with being a company rather than a partnership or an association. There is the cost of getting registered (which may run to hundreds of pounds), and companies and IPSs must both pay a yearly ‘filing fee’ to stay on the register.

#### **Disadvantages – administration**

There are strict rules about the records which a company or an IPS must keep and in what format, and information which must be sent to the appropriate registry. Discipline in keeping records is a good thing, and the task of running a company or an IPS is not all that difficult, but an organisation can run into problems and expense (and the directors can be liable to penalties) if it fails to keep its records up to date. While all organisations should keep financial records, corporate organisations have to send their accounts to the appropriate registrar each year, which may be expensive when making sure they are prepared correctly.

#### **Disadvantages – privacy**

The price paid for limited liability is the loss of privacy. The organisation must keep the register informed about directors, finances, debts and so on, and this information is readily available to anyone who asks for it.

#### **Disadvantages – money laundering**

Something to consider when setting up any organisation are the conditions introduced as a result of the Proceeds of Crime Act 2002 and

the Money Laundering Regulations 2003, which created a definition of ‘regulated business’. People carrying out business activity within this definition must follow the regulations and introduce procedures to monitor possible money laundering. Setting up a company or charity is covered by this definition, so founder members must provide evidence of their name and address as a proof of their identity.

## 3.2 Unincorporated options

In this section we look at unincorporated types of legal status (that is, where an organisation does not have a separate legal identity from its members).

### 3.2a

#### Partnerships

A partnership is an unincorporated structure for small business activity. Its main attraction to people setting up a new business is that there is little or no cost involved in setting up a partnership and you have to pay less tax. As partners are treated as self-employed for tax purposes, there is no employer’s National Insurance to pay, and people’s income tax is not collected until the end of the financial year.

However, creating a partnership does not provide limited liability, so all the partners have joint and separate personal liability for any debts. As a partnership is no more than a voluntary agreement which can be withdrawn or varied relatively easily, any social principles the founders want to achieve cannot be protected as satisfactorily as in a corporate organisation.

However, in some cases a partnership may be a suitable starting point for very small enterprises

or ones that want to have a trial run with their business idea before committing themselves fully.

Partnerships are governed by the Partnership Act 1890, amended by case law (that is, court rulings) since then. A partnership is effectively a contract to carry out a business to make a profit. If there is no intention to make a profit, there may not be a partnership by law, but that does not mean that so-called not-for-profit organisations cannot be partnerships.

It is usual, although not necessary, to share the profits among the partners. But the distribution does not have to be in money – it may be in discounts against future purchases, or in free produce from the business. If it is agreed that any profit will not be distributed but will be reinvested, donated to charity or dealt with in some other way, that does not prevent the existence of a legal partnership.

A partnership may be ‘express’ or ‘implied’. In an ‘express’ partnership, two or more people have deliberately set up a partnership. In an ‘implied’ partnership, two or more people have started managing a business jointly and have created a partnership, possibly without realising it. There are numerous court judgements on when a partnership does and does not exist, and the whole area is complicated.

The exact nature of the partnership will depend on the arrangements set out in the partnership deed drawn up between the partners. If there is no specific agreement (that is, where there is an implied partnership, or where the partners have decided not to have a written agreement), the Partnership Act provides clauses (known as ‘default’ provisions’) to govern the partnership. These default provisions may be amended, and in most cases it is sensible to do so.

An example of a default provision which is often varied concerns partners leaving the partnership or new ones joining. The Partnership Act says that if any partner leaves or dies, or if another partner is admitted, the partnership no longer exists and a new one arises straight away between the remaining, or new, partners. This can have significant tax disadvantages on the continuing partners, so it is often agreed to amend the provision.

There are many other issues you should consider when setting up a partnership. You can deal with most by proper drafting, and you should get professional advice at an early stage.

### 3.2b

#### **Unincorporated associations**

The most common type of organisation within the voluntary sector is the unincorporated association. There is no Act of Parliament defining or governing associations, but there is a lot of case law (that is, rulings made by courts). A judge defined an unincorporated association as:

“Two or more persons bound together for one or more common purposes, not being business purposes, by mutual undertakings, each having mutual duties and obligations, in an organisation which has rules which identify in whom control of it and its funds rests and on what terms and which can be joined or left at will.”

The relationship between the members in an association is set out in the rules or constitution of the organisation. The rules or constitution then acts as the contract. If a member or members break this contract (for example, if the management committee acts in a way which conflicts with the agreed rules), members may apply to a court to force them to follow the

contract. The terms of this contract should be written down to avoid dispute over its content. This then produces a ‘governing document’.

The governing document of an association should set out all the details of its aims and management. If the rules do not cover an issue or are not clear, a number of positions already included within the law (default positions) will apply, which have been established over a number of years by the courts. These can be difficult to find out about because they are not set out in a single Act of Parliament (which they are for corporate organisations). As a result, it is unwise to make any assumptions – everything that is agreed about the organisation should be written in its governing document.

## 3.3 Incorporated options

### 3.3a

#### **Limited companies**

Limited companies are corporate organisations registered under the Companies Acts 1985 and 1989 (which set out what they must, may and may not do). If limited companies do not meet the Acts’ requirements, directors can usually be fined. There are three main types of company.

- **Public limited company (plc)**

A plc may issue shares to the public (for example, British Telecom, British Gas and high-street banks). This is generally used by large capital-based ventures which, if they become listed on a stock exchange, will have to follow the relevant listing rules as well as the Companies Acts. A plc does not have to list its shares on a stock market. Many do this only to make it easier for shareholders to

buy and sell. For the plc it means they have access to further funding in terms of the capital the plc can raise from investments made by the general public.

- **A private company limited by shares**

These also issues shares, but only to people it chooses to. This is the most common legal option for smaller commercial businesses.

- **A private company limited by guarantee**

Instead of holding shares, each member guarantees a certain amount (usually £1) if the company is wound up with outstanding debts.

Companies are managed by the Registry of Companies (Companies House), an agency of the Department of Trade and Industry. Their governing documents are in two parts – the memorandum of association and the articles of association (often abbreviated to ‘mem & arts’).

As it is unlikely that you will consider setting up a plc (and if you do, you will need considerably more guidance than could be set out here), we will deal only with private companies.

#### **Characteristics of a private company**

The Companies Acts are designed to regulate the widest range of business and to protect shareholders in traditional trading companies. Some of the Acts’ clauses might be considered too far-reaching for socially-motivated organisations. However, the rules relating to private companies are largely flexible and the format is often (and quite successfully) used for those types of organisations.

The most noticeable problems are the burden of keeping records and administration, and the range of information companies have to give Companies House and keep up to date. The penalties for not doing so are quite severe.

It is relatively cheap, easy and quick to register a private limited company. Model rules (that is, standardised, pre-printed mem and arts) for a company are not particularly important except that they can save the costs and time involved in having mem and arts drawn up for the project – it does not alter the actual costs of registration.

An important point to remember is that Companies House (unlike the Financial Services Authority) is merely a sophisticated filing system. Apart from the name and the legal forms, paperwork sent to Companies House is not analysed. As a result, just because a set of mem and arts has been accepted by Companies House, it does not mean that they meet company law. It is perfectly possible to register using a set of mem and arts which breaks the law. But of course, if the matter should ever come to light, the mem and arts would no longer be valid and the company registration would be cancelled, and the people responsible would be personally liable – so it is as well to do the job properly!

Apart from the yearly filing fee companies must send with the yearly return, there are currently no further charges to be paid to Companies House, unless the name of the company is changed. Individual charges will arise if the company creates and registers a mortgage or other charge on the assets of the company and where the name of the company is changed.

All companies must put forward annual accounts, and there are automatic penalties of up to £500 (for private companies) if they fail to put them forward on time. Companies with a yearly turnover below certain limits do not need to have their accounts audited (but they must still put them forward). These limits have been increased several times over recent years, so check the

Companies House website for the latest details.

At least two members are normally needed to set up a company. Since July 1992, it has been possible to set up single-member companies but certain other regulations must be followed. The single-member company can be a useful option for subsidiary companies (where one company owns another).

### **3.3b**

#### **Community interest company (CIC)**

Part 2 of the Companies (Audit, Investigations and Community Enterprise) Bill published in 2003 introduced the outline legislation for CICs, a new legal form available for social enterprises.

There are two main features which separate the CIC from other corporate organisations.

Firstly, all CICs will have a compulsory 'asset lock'. This means that the company's assets may only be distributed to a specified community interest company or charity, not to members or investors.

Secondly, all CICs must be able to pass a 'community interest test'. It is proposed that this will be on the 'reasonable person' basis (that is, whether a 'reasonable person' would see a proposed CIC's activities to be in the interest of the community). However, the regulations do set out certain activities which would not be acceptable, such as promoting or opposing changes to the law, or support for a political party.

CICs will be registered with Companies House and can be either a company limited by shares or a company limited by guarantee. The draft regulations contain schedules which set out the clauses needed in the memorandum and articles of a CIC, such as the 'asset lock' details and appointing and removing directors.

As well as a financial audit and annual return,

CICs will need to produce a community interest statement and report on their activities in this area. The report must also include details of payments to directors.

There will be a separate CIC regulator, who will monitor CICs and will have a role in approving amendments to aims. The regulator will have the powers to replace the managers of a CIC with their own choice of person if they think a CIC has not been managed properly. In the case of a CIC with an income from shares, the regulator can also put a limit on dividends and interest payments.

At the time of writing, it is proposed that this new option will be available from summer 2005.

### **3.3c**

#### **Charitable incorporated organisation (CIO)**

This is a proposed new type of incorporated organisation for charities. They will have the same protections as other corporate organisations, such as limited liability and a separate legal identity.

One possible advantage is that this option will be registered by the Charity Commission, meaning that charitable companies will no longer need to register with both the Charity Commission and Companies House. This new option will be introduced as part of the Charities Bill, which is currently in the process of consultation.

This option applies to organisations registered in England and Wales. The Scottish Executive is considering a new charity bill for organisations in Scotland, which will include a Scottish charitable incorporated organisation (SCIO).

### **3.3d**

#### **Limited liability partnership (LLP)**

The Limited Liability Partnerships Act 2000 came into force on 6 April 2001, and created

a new kind of legal status.

Two or more people setting up in business to make a profit can now set up an LLP and will largely be governed by company law, including winding-up and insolvency legislation. Registration is relatively straightforward – by filling in a form and sending it to Companies House. The business does not need to have a governing document, although we would always recommend it.

Each partner acts as an agent for the LLP and will be responsible for all partners' responsibilities. However, individual partners will not be liable beyond the amount of money they each contribute, except for their own negligence or failure to act.

The main advantages of setting up an LLP are limited liability and an ability to make contracts in its own name (instead of in the name of all its partners). The main disadvantage is the need to file audited accounts, so declaring the financial position of the LLP.

In the social enterprise sector, worker co-operatives are sometimes structured as LLPs.

### 3.3e

#### **Industrial and provident society (IPS)**

IPSs are corporate organisations registered under the Industrial and Provident Societies Acts 1965–2002. To qualify for registration, an organisation must either be a 'bona fide co-operative' or a 'society for the benefit of the community'.

The IPS co-operative format is used by consumer and housing co-operatives and credit unions. It is also often used by agricultural, worker and community co-operatives. Its basic characteristics are:

- one member, one vote;

- the return on capital must be limited;
- if profits are to be distributed among the members, this must be done fairly; and
- no artificial restrictions on membership.

In other words, this structure more or less reflects international co-operative principles.

The IPS for the benefit of the community is common among housing associations and has been used for other types of voluntary-sector activity. It can be very appropriate for democratic, non-profit organisations. Its characteristics are similar to those of a co-operative, but profits and assets must not be distributed among members and the society must be able to show that it will benefit people other than its own members.

IPSs are managed by the Mutual Societies Registration Section of the Financial Services Authority. Their governing documents are known simply as 'rules'.

#### **Characteristics of an industrial and provident society**

To qualify for registration under the IPS Acts, an organisation should be carrying out 'an industry, business or trade, whether retail or wholesale' (section 1.1 of the Industrial and Provident Societies Act 1965).

Under the IPS Acts, there are fewer administrative and statutory requirements, although it is still necessary to keep accurate records of members and so on. IPS legislation is generally less complicated and strict, putting more trust in the directors to act 'in good faith'.

The Co-operative and Community Benefit Societies Act 2003 introduced for the first time a clause which allows the assets of a society for the benefit of the community registered as an industrial and provident society to be 'locked',



so that the members of the society cannot vote to wind up and distribute the assets among themselves.

It is possible to have multiple shareholding, where people can hold more than one share within an IPS, as voting rights which are strictly ‘one member, one vote’ are not attached to shareholding. The Act sets a maximum of £20,000 for each member, although this is being reviewed.

Registering an IPS using a tailor-made draft can be fairly expensive and it also tends to be slower than a company, as the regulator analyses the rules carefully in the light of the Acts and can decide which societies may be registered. Registration, cost and timescale can be reduced by using ‘model rules’ – standardised rules the regulator has already approved. You need to put these forward to the sponsoring body, and the rules can sometimes be too restrictive. You can get a list of sponsoring bodies from the Financial Services Authority. A positive part of the regulator’s role in checking the rules is that they must also prepare any amendments. They may refuse any proposed amendment which they believe goes against the intentions of the founders, so possibly giving more protection to the principles an organisation is based on.

At least three members are needed to register and maintain an IPS (unless all members are themselves IPSs, in which case at least two are needed).

As a result of the Co-operative and Community Benefit Societies Act and recent government consultations resulting in the report ‘Public Action Private Benefit’, IPS legislation is currently being reviewed following recommendations for modernisation.

## 3.4 Other legal options

### 3.4a

#### Trusts

‘Trust’ covers everything in this toolkit in relation to co-operative projects. If the people involved do not trust one another, the project will never get started.

The legal concept of ‘trust’ is also important. For example, partners in a partnership have duties of trust to one another for both the property belonging to the partnership and the conduct of its business. Also, directors of a company have duties of trust to the company itself and to the shareholders individually.

Trusts, as a separate legal organisation, can also be established ‘expressly’ and ‘stand-alone’.

A trust exists where one or more legal people (either companies or individuals), together known as the trustees, hold funds or resources which have been provided by others (the donors) for the benefit of another group of people (the beneficiaries). There is nothing to prevent a person from being both a trustee and donor, or trustee and beneficiary, or all three.

A stand-alone trust can be an appropriate option for community projects in certain limited cases.

The constitutional documents needed to create a trust are similar to those which support an unincorporated association. They will, in the same way, set out the aims of the trust, the way in which it is to be run, what will happen to trust property if the trust is wound up, and so on. Perhaps most importantly of all, they will set out the powers the trustees have in running the trust – trustees are able to do very little unless the trust documents give them the authority, and even then certain restrictions on trustees’ activities set out in the



Trustee Act 1925 and the Trustee Investments Act 1961 apply.

The same sort of problems have to be dealt with when a trustee dies or wants to leave, as with unincorporated organisations (see 3.2 on page 28).

The term ‘trust’ causes confusion as a number of companies and societies describe themselves as trusts and will include the word trust in their registered name. Generally, these organisations will have no members beyond the trustees themselves. The term trustee is also generally used for directors of charitable companies and societies.

### 3.4b

#### Charity

There are few times when it will be appropriate for the sort of group or project that this toolkit is aimed at to consider registration as a charity, but we have added some information.

An organisation may be recognised as a charity in law if:

- it has only charitable aims;
- its activities are seen as suitable for a charity;
- it is considered to be of public benefit; and
- it has a suitable structure. This includes having no power to distribute profits or assets to its members or for non-charitable purposes, (normally) no power to make payments to trustees (that is, management committee members), (normally) no power to have employees on the management committee, and several other restrictions.

In England and Wales, unincorporated associations and companies limited by guarantee can become registered charities which are managed by the

Charity Commission. The rules governing them are set out in the Charities Act 1993. It is possible for IPSs registered as societies for the benefit of the community with the appropriately drafted rules to apply to be recognised as exempt charities with the Inland Revenue.

Trading activities carried out by charities are strictly controlled, so that many charitable organisations ask subsidiary companies (which are not themselves charities) to carry out those activities. That sort of structure will in most cases be beyond the needs of those reading this document.

#### Incorporating charity trustees

As we said before, for an unincorporated association or a trust to own property, the property must be owned by named people on behalf of the organisation. The same applies in the case of an unincorporated charity.

You can avoid the problems caused by the death or resignation of a trustee by having the board of trustees become a corporate organisation, but without setting up a company or an IPS. The Charity Commission has the power to grant corporate status, but this type of incorporation does not provide limited liability and does not result in incorporating the whole organisation, only its governing body.

This option is not available to non-charitable voluntary organisations.

The information in this guide relating to charities is mainly aimed at organisations set up in England and Wales. The Scottish Executive is considering a Charities and Trustee Investments (Scotland) Bill. As this will be the first real legislation for charities in Scotland, it is likely to have wide-ranging effects.

# A producer-controlled business is any organisation which is set up on the initiative of producers, is owned and controlled by them and operates for their benefit.

## 3.4c

### **Friendly society**

Friendly societies tend to cause confusion. Firstly, they are confused with industrial and provident societies (which are much more common) as until 2001 both types of organisation were managed by the Registrar of Friendly Societies. Secondly, while any organisation registered under the Friendly Societies Act may refer to itself as a 'registered friendly society', in fact friendly societies are only one of six types of society which may be registered under this act. Any organisation within the voluntary sector which is registered under the Friendly Societies Act will not be a true friendly society.

Originating in the 18th century, friendly societies are mutual insurance organisations which have traditionally provided for their members in the case of sickness, retirement, childbirth, death and so on. Many of their functions are now carried out by the government and commercial insurance companies.

The other types of society which may be registered under the Friendly Societies Act are:

- cattle insurance societies;
- benevolent societies 'for any benevolent or charitable purpose';
- working men's clubs;
- old people's home societies; and
- specially authorised societies 'for any purpose which the Treasury may authorise'.

This type of registration does not provide corporate status or limited liability. It has not been possible to register a new society (other than an insurance society) under the Friendly Societies Act since February 1993.

## 3.5 Types of organisations

### 3.5a

#### **Producer-controlled businesses**

A producer-controlled business is any organisation which is set up on the initiative of producers, is owned and controlled by them and operates for their benefit.

There are many different terms to describe farmers and producers working together. For example:

- farmer-controlled business;
- farmer marketing group;
- producer marketing group;
- producer marketing organisation;
- producer organisation;
- speciality food group;
- buying group;
- farmer co-operative;
- co-operative society; and
- co-operative company.

In most cases, the description does not give the organisation's legal status but gives a picture of its general aims (that is, an organisation providing services to its members such as marketing members' production, processing, storage, input supply, agronomy advice, machinery and so on). See the Bowland Farmers Co-operative case study on page 63 as an example.

### 3.5b

#### **Community buyouts**

There are many examples of community buyouts, such as village pubs and shops, where jobs and services have been protected by community groups who have bought businesses. This can

be welcomed by businesses as it makes sure the enterprise will live on. See the Tablehurst and Plaw Hatch CSA case study on page 66, where two farm businesses have been bought by the community.

### 3.5c

#### Land trusts

Land trusts are local, regional or nationwide not-for-profit organisations (see 3.7 on page 38) directly involved in helping protect natural, scenic, recreational, agricultural, historic or cultural property. Land trusts work to protect open land that is important to the communities and regions where they operate. They are designed to make sure that land is maintained for a particular use for the benefit of a particular group of people indefinitely. For example, land could be held in trust to be managed organically to produce food and provide a recreation and educational resource for the benefit of local people.

Land trusts were originally set up in the UK, with early examples including the Colton Parish Lands Trust set up by an Act of Parliament in 1792 and still managing 24 hectares of common land for the benefit of three villages in Staffordshire (Sowing the Seeds of Regeneration, Countryside Agency and the University of Salford). They have been most widely developed over the past decade in the United States, where the lead organisation, the Land Trust Alliance, represents the interests of 1,263 private, not-for-profit land trusts. American land trusts have over a million supporters in 50 states and have protected more than 6.2 million acres of land (Land Trust Alliance: [www.lta.org](http://www.lta.org)).

The largest land trust in the UK is the National Trust, set up by John Ruskin and Octavia Hill in 1895. It now holds over 248,000 hectares

(612,000 acres) of countryside, 600 miles of coastline and more than 200 buildings and gardens, most of which are held indefinitely ([www.nationaltrust.org.uk](http://www.nationaltrust.org.uk)). Other land trusts include the Wildlife Trusts, Woodland Trust, Royal Society for the Protection of Birds, and Wildfowl and Wetlands Trust. A number of large estates and farms are now owned by charitable trusts created for that purpose, many of them members of the Land Trusts Association.

- **Land donations**

These are created where people who cherish their land donate it to a trust that shares their sympathies. The land trust will manage and protect the land indefinitely.

- **Life estates**

A life estate is a legal document through which a property owner donates land to a land trust after they die, while keeping the right to live on the property for the rest of their life.

- **Land purchase**

This is where the trust actually sets out to buy land. Most land trusts will not have the money to buy land outright and will often hold public appeals to raise the money to buy the land.

## 3.6 Mutual tax status

Mutual tax status is a benefit which could be available to some organisations. As a result, mutual status for tax purposes should not be confused with the broader use of the term 'mutuality'.

The best principle of mutual tax status, as far as the Inland Revenue is concerned, is that a group of people contribute to a common fund which is held on their behalf and controlled by them.

For example, a local food marketing group representing several producers may hold its members' funds and so does not own them, so any profit after paying expenses is not seen as a taxable profit (see the Bowland case study on page 63). The Inspector of Taxes may decide that tax does need to be paid on payments into the fund. Even if mutual tax status is granted in these circumstances, tax will still have to be paid on other income, such as interest from investments. The main advantage of mutual tax status is that it allows reserves to build up without having to pay corporation tax.

It is important to remember that it is much more difficult to achieve mutual tax status once an organisation has already started to trade on a non-mutual basis than to achieve it for a business that has not been set up. As a result, it is important to consider this issue when setting up the business, not after starting to trade.

The main things needed to achieve mutual tax status are as follows.

- The business trades as an agent of its members, and does not own the members' products. However, if most of the business is trading in its own right, any profit from this could be taxable. To avoid this, the business's trading income must come from members, and payments from that trading income must be paid only to the members the income has come from. So non-members cannot hold shares. Some non-member trade could be acceptable, but we would advise to keep this to a very small proportion of the total.
- This point can partly be dealt with by setting up a service company (that is, a company owned by the members of the mutual enterprise and itself a member of the mutual enterprise) through

which non-member trade is channelled.

However, the value of this trade would have to be reasonable in the overall context of the business so that it doesn't threaten mutual status in general and so affect other benefits.

- The method used to work out members' contributions to the mutual enterprise and the methods of distributing its profits do not need to be the same, but usually contributions are made on charges paid under the members' agreement and payments are in proportion to charges.
- Reserves must not go over what the Inspector of Taxes considers to be a reasonable level. This is difficult to define in practice, but a general rule is that reserves will be accepted which are necessary for the working capital needs of the business. If reserves are considered unreasonable, the mutual enterprise may need to declare a distribution to the members which is then taxable (in the members' accounts). Or, it is possible that part of the charges paid by members would not be allowed as a deduction from income within their own tax calculations.
- It is usual that members' agreements must say that all income of the mutual enterprise from members must be paid into a common fund.
- No interest may be paid to members on shares or loans.

Only the Inspector of Taxes can grant mutual tax status. They decide on the facts of each case and their decision is final.

Other tax issues are not covered by this toolkit. As a result, we recommend that you get professional advice while setting up the mutual enterprise to make sure that both the enterprise and its members make the most of any tax advantages that are available.

**For every organisation, whether it is a small unincorporated organisation or a limited company, being clear about what it is there for and how it runs goes a long way to help it be effective.**

### **3.7 Social enterprises and not-for-profit organisations**

Social enterprises and not-for-profit organisations are increasingly recognised as a way of delivering effective services to the public. However, it is not always clear what these terms mean, so we have included some definitions below. By definition, social enterprises are not-for-profit – however, not all not-for-profit businesses are social enterprises.

#### **3.7a**

##### **Social enterprise**

The UK Government definition is:

“A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

Social enterprises are diverse. They include local community enterprises, social firms, mutual organisations such as co-operatives and large-scale organisations operating nationally or internationally. There is no single legal model for social enterprise. They include companies limited by guarantee, industrial and provident societies and companies limited by shares; some organisations are unincorporated and others are registered charities.”

#### **3.7b**

##### **Not-for-profit organisations**

A not-for-profit organisation is one whose main aim is not to make a profit (that is, it is not driven by investors) but to carry out profitable activity to achieve its aims. Surpluses (profits) made are then distributed by reducing charges to its members or by providing further services to meet its overall aims.

### **3.8 Governing documents**

For every organisation, whether it is a small unincorporated organisation or a limited company, being clear about what it is there for and how it runs goes a long way to help it be effective. See part 2 of this toolkit.

Generally, a good starting point is to have this written down in a governing document.

#### **3.8a**

##### **What is a governing document?**

The governing document is the written statement that sets out the purpose of the organisation, its internal structure and how it will operate.

The term ‘governing document’ is a general term. There are many terms for these documents, often relating to the type of organisation – for example, ‘constitution’ is the common name for an unincorporated association, companies have memorandum and articles of association, and industrial and provident societies have rules.

#### **3.8b**

##### **What should a governing document contain?**

The governing document should contain information on all the practical matters that allow an organisation to operate, including:

- its aims, and the powers it has to achieve them;
- who the membership is;
- how and why they can become members;
- how they meet and make decisions;
- whether there is a governing body, what it is called and how it is appointed;
- what happens to profits; and
- what happens to assets if the organisation is wound up.



The different legislation relating to these structures will to some extent decide the content. For example, schedule 1 of the Industrial and Provident Societies Act lists certain details which must appear in the rules. However, there are several areas which will be common.

#### **Name**

Every organisation should have a name so that people associating with it are clear about its identity. Corporate organisations have to follow regulations when it comes to names, such as not registering as one which is identical to another organisation. There are also words which are 'sensitive' and can only be used in certain circumstances, such as royalty, institute, dentist and so on.

#### **Aims**

The aims should explain why the organisation has been set up and what it intends to achieve. It should not be a list of activities (that is, what the organisation intends to do to achieve the aims), nor should be it a list of aims and purposes, which would be more appropriate in a mission statement.

Some governing documents do include a statement relating to principles, as many organisations are established by people who have particular beliefs and want those to be highlighted. Here are some examples.

- **Aims**  
'To support and develop the local community of Littlebrough by participatory management of local land.'
- **Activities**  
'To buy land and develop it, involving local people and managing it on a day-to-day basis.'

- **Principles**

'The land will be used to benefit the local community in an equal and democratic way, and will be managed on ethical and organic principles.'

#### **Membership**

Every organisation has a membership, which can be small or large. The governing document should make it clear who is eligible to join. Membership should be voluntary, not enforced. Agreeing to become a member is actually a type of contract and, in doing so, that person or organisation is agreeing to become involved by supporting and following the governing document. Many organisations have membership agreements which contain the actual requirements of membership in more detail. The members are the owners of the organisation, even though they will not benefit personally from any financial distribution.

As a result, it is important that the governing document is clear about who is eligible for membership (in particular, saying whether individuals or organisations (or both) can be members) and other definitions if necessary, for example, if they have to live or work in a particular area. Members have to pay an annual subscription and meet any further conditions that are particular to that organisation – maybe they have to contribute so many hours a year to working for the organisation. Some organisations may have different classes of membership. If so, we advise being clear in the governing document who is eligible for which category. Equally important is an element which deals with the circumstances in which a member is no longer a member – for example, for not paying a subscription, or when leaving the area.



### **Management**

All organisations need to be managed. Generally, organisations will have a governing body known by a range of terms such as management committee or board. The governing document should set out who is eligible to be on this body and how they should be appointed and removed.

The management committee acts as agent for the members, using most of the members' powers on their behalf. In a democratic organisation, it would be usual to expect most of the management committee to be elected by and from the members, but it may be appropriate to have some reserved places for specified interests, such as other named local organisations or the local ward councillor.

### **Methods of operating**

Governing documents should also include practical points such as details of meetings, how decisions are made, who is eligible to vote and on what basis, and what happens if the organisation is wound up.

### **3.8c**

#### **Members' and internal agreements**

Members' and internal agreements explain the relationship between an organisation and its members. They are important when a crucial part of the development and survival of an organisation depends on the involvement and commitment of its members, particularly, for example, in an organisation which involves supplying and marketing members' products or a requirement for members to buy a certain amount of produce.

As we mentioned in the section on governing documents (page 38), the broad outline of who can be members will be covered in this agreement.

However, you should include further details in a separate agreement which makes it clear about the commitment and responsibility of the members (these should always be signed by each member concerned).

The type of agreement and level of detail will vary depending on the organisation, its activities and the relationship with members. If the relationship with members is relatively passive (in that members support the aims and go to the annual general meeting), a membership agreement (if any) can be quite brief. As we mentioned before, in the case of an organisation which relies on its members to deliver the main products regularly (labour or produce) as part of its business activity, a committed membership is important.

When an organisation is just getting started, the last thing people want to think about is the legal structure and members' agreements. Putting these in place sooner rather than later makes the process much easier.

For organisations wanting to achieve tax advantages by working solely for its membership, it is particularly important that the right systems and structures are used.

For groups where members agree to supply products or services on which the group bases its operations, it is usual to put in place a members' agreement which sets out the duties of the member to the group and the group to the member (this type of agreement should be legally enforceable). In particular, the agreement is put in place to:

- make sure members are committed to using facilities or services for a minimum period;
- set out the level of commitment of members to buy goods or services;



# Members' and internal agreements explain the relationship between an organisation and its members.

- make sure investments and charges paid by members relate to both commitment and actual use;
- set out how the operational activities of the organisation are to be handled;
- make sure the organisation is committed to marketing certain produce and providing certain services;
- make sure the organisation is stable, and give confidence to members, customers, suppliers and bankers;
- make sure supplies to customers and beneficiaries are not interrupted; and
- protect members in their relationship with the organisation, and between themselves.

In many cases, the memorandum and articles or rules say that all members must have a current members' agreement, otherwise their membership ends.

Preparing the members' agreement needs considerable thought and discussion if its aims are to be achieved. Although there is a general view that model agreements can be used to make the process of developing the agreement simpler, there is a danger that this can result in the specific requirements and circumstances of a particular organisation not being taken fully into account.

Sections 3.8d and 3.8e show the type of information that should be included in a members' agreement (different agreements would be needed to suit other circumstances). However, developing a members' agreement should be seen as one of the main tasks a development adviser will carry out with new groups.

## Important note

The legal structure and associated internal

documents under which groups are set up and run should meet the overall aims of their members and meet the appropriate legal, financial, tax and operational requirements so that the business can work effectively. Too often, groups are legally registered and agreements are put in place before their implications have been fully considered, particularly financial and tax issues.

## 3.8d

### Typical contents of a members' agreement

#### • Parties

Parties are the people the agreement is between. If it is an agreement with a partnership or a company, you must take care to give the correct registered name.

#### • Basis of the agreement

This links the members' agreement with the more detailed membership regulations.

A simple agreement may say "to support the aims and principles of the organisation, agree to pay the annual subscription and follow any regulations introduced from time to time".

A stronger agreement (for example, to supply a certain amount of produce at certain times and to follow agreed quality standards, or to agree to contribute so much to labour each month) will need to be more detailed. Sometimes, this part of the agreement can be quite lengthy. If so, you may separate it out from the main agreement into separate regulations and attach it as an appendix to the main document.

#### • Membership

The agreement should say that, to benefit from the services of the enterprise, somebody must become a member of the enterprise, and that these benefits will end when membership ends.

- **Duration**

This gives the length of notice needed to end the agreement, when it is not ended for other reasons.

- **Termination**

It is always important to include a section which deals with ending membership. This will cover, for example:

- under what circumstances the agreement is finished;
- who has the right to end membership; and
- what happens if a member does not pay their agreed contributions.

- **Consequences of termination**

This covers the responsibility of both parties to each other at the time of ending membership, including any repayments of profits. This is particularly important in organisations where members supply products.

- **Notice period**

This gives the length of notice needed to end the agreement, when it is not ended for other reasons.

- **Default**

This gives either party the right to end membership for continually failing to follow the members' agreement.

- **Insolvency**

This gives either party the right to end the agreement if the other is insolvent.

- **Products**

If members are supplying products, you need to set out the products to be marketed (for example, grain, milk or fruit) including the type, size and quality.

- **Force majeure**

A standard clause included in many agreements

which offers protection for both the member and the organisation against exceptional weather conditions, industrial action or any other cause outside their control.

- **Interpretation**

This lists all the definitions used in order to make the meaning of the agreement clearer. For example, a week can mean five or seven days.

- **Disputes**

Arrangements for appointing a mediator or an arbitrator to deal with disputes which cannot be settled by agreement.

- **Variation**

The process by which the agreement can be amended.

### 3.8e

#### **Typical contents of membership regulations**

- **Interpretation**

This mentions all definitions used in order to make the meaning of the regulations clearer.

- **Commitment**

This sets out the extent to which the member can use the service of the business (for example, if a farmer is expected to market all their produce through the organisation). This may be expressed as a percentage of the member's production, the number of tonnes, litres, quantities of livestock and so on.

- **Shortfall**

This sets out the penalties to be paid if members do not deliver the products. These could be paying full charges or covering losses or damage the organisation suffers due to the failure of members to supply.

- **Specification of product**

The detailed specification (organic, local, type,

size, quality and so on) for the products.

- **Information**

The member must normally promise to provide information the business needs to carry out its function.

- **Production**

Producers who are members must normally meet production conditions set by the local food enterprise (for example, to grow to organic standards).

- **Inspection**

This normally allows access to production and processing premises by any authorised representative of the business.

- **Delivery**

This sets out who is responsible for delivering products to the buyer, collection point or central facility, and who must cover these costs.

- **Quality control**

This sets out the quality-control procedures in place and the consequences of not following them.

- **Ownership**

If the business acts as an agent for its members, the ownership of the products supplied does not pass to the business but straight to the buyer under a contract of sale negotiated by the business. This is the recommended and most often used approach.

On the other hand, if the business is to buy the product and sell it again, this would be clearly shown in the regulation. This would also affect the wording of the arrangements covering charges.

- **Risk**

The agreement should clearly say who is responsible if the product is damaged or lost when in the hands of the local food enterprise or its distributor. If the enterprise is responsible, it will need to insure against loss or damage and

civil responsibility for any claim (unless members are willing to carry this risk jointly).

- **Sub-agents**

If the local food enterprise sells as an agent, we advise that the enterprise gives the agent authority (for example, a marketing agent).

- **Proceeds of sale**

The enterprise may be given the authority to collect the proceeds of a sale on behalf of the members in the case of an agency agreement.

- **Payment to members**

This will set out how members are to be paid for their produce. This could be the sale price less agreed charges, with an indication of the number of days after receiving a payment that the account will be settled.

- **Bad debts**

The policy relating to bad debts should be set out, saying what will be paid to members in those cases when an outstanding debt from a customer should be considered to be bad, and what action is to be taken.

- **Charges**

This sets out the method of setting members' charges (for services and facilities), including the dates at which these charges should be paid.

You should also include bad debts as a cost to be included within members' charges, and so paid by all members.

The methods for distributing profits and losses to members' reserves should also be set out.

- **Qualification loans**

If necessary, you could set out the conditions for how members' qualification loans should be repaid.

- **Amendments**

This says how and under what circumstances the agreement may be amended.

# If there is a profit at the end of the year, will the members be able to distribute any of it, either among themselves or to other projects or causes (or both)?

## 3.9 Choosing a structure

If you have decided that incorporation is the right way forward, you should consider the following.

- Are you setting up the enterprise for personal profit and do you want to maintain full control? Be honest. If this is the case, your venture needs a standard company structure (see 3.10 on page 47).
- However, if you are trying to set up an organisation for the benefit of a wider group of interest, and want them to have some influence in how the organisation is to be run and managed, the following questions should help you choose the appropriate structure for your venture.

### 3.9a

#### Questions

The following questions are designed to help you choose the appropriate structure for your venture. Analyse your answers over the page (for ease of analysis it will help to write your answers down on a separate piece of paper).

#### 1 Main activities

What will your main activities be? How will the organisation be funded, not just in the beginning but over the longer term as well?

- A Running a business and trading by buying and selling produce or providing services
- B Offering non-commercial or grant-aided services
- C A combination of the above

An important issue to consider is whether you expect to be financially self-sufficient or need to

rely on grant funding. Most grant-givers only give to certain types of organisation, while self-funding organisations can, within reason, structure themselves how they like (see 2.7 on page 22).

#### 2 Members

Who will be eligible to be members?

- A Employees only
- B Users of the services provided, including suppliers of goods or produce
- C The community generally or some sections of it, whether or not they use the services provided
- D Certain people by invitation only

**If you answer 'B', 'C' or 'D', move straight to question 4.**

Every organisation will have a membership, which may be large or small. The members are an important characteristic and will affect the structure you choose (see 2.2 on page 9).

#### 3 Wages

Do you expect to be earning enough within nine months to pay at least two full-time wages at reasonable levels?

- A Yes
- B No

How the organisation is funded is important, but the level of the financial turnover makes a difference when considering a structure (see 2.4 on page 12 and 2.6 on page 21).

#### 4 Services

Who will your services be available to?



- A Members only
- B Non-members as well as members

**If you answer 'B', move straight to question 6.**

There are some structures which are suitable for organisations that restrict their activities to dealing with members only and which operate in a certain way. (See 2.2 on page 9, 2.3 on page 12 and 3.6 on page 36.)

#### 5 Financial support

Will your project be financially supported entirely or mainly by members paying for the services provided? (See 2.2 on page 9, 2.3 on page 12 and 3.6 on page 36.)

- A Yes
- B No

#### 6 Benefits

Other than access to services, will members receive any other benefits as a result of their membership (for example, discounts or cash bonuses)?

- A Yes
- B No

#### 7 Profit

If there is a profit at the end of the year, will the members be able to distribute any of it, either among themselves or to other projects or causes (or both)?

- A Yes
- B No

**If you answer 'A', move straight to question 9.**

#### 8 Profit

After deciding how much of the profit is to be kept,

what will the members be able to do with the rest?

- A Give it as a bonus to the members (or use it in some way to provide benefits for members only)
- B Make donations for social or charitable purposes only
- C Both the above

Along with members, what an organisation does with its profits strongly influences the structure you choose.

#### 9 Winding up

Should future membership be able to wind up the business and share out any money left over among themselves?

- A Yes
- B No

Again, along with members, what an organisation does with its assets when winding up has a strong influence on the structure you choose.

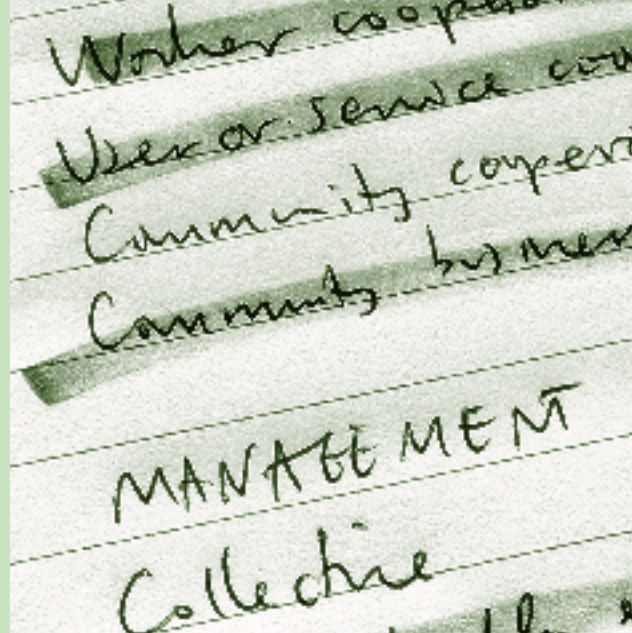
#### 10 Management

Who will be responsible for managing the project?

- A All the members
- B A committee, all of them elected by all members
- C A committee, some or all of whom are appointed by outside organisations or elected by certain members

The choice of management will focus the direction of the legal structure as certain legal structures allow for certain styles of operating (see 2.2 on page 9 and 2.3 on page 12).

Continued over the page.



### 11 Membership numbers

What is the maximum number of members you expect to have in the next three years?

- A Fewer than 20
- B More than 20

Certain legal options have restrictions on membership size.

### 12 Membership numbers

What is the minimum number of members you expect to have at any time?

- A More than three
- B Fewer than three

### 13 Staff

Do you expect to employ staff permanently?

- A Yes
- B No

**If you answer 'A', ignore question 14.**

Employing staff introduces a number of responsibilities and liabilities which can make certain structures unsuitable.

### 14 Borrowing money

Do you expect to be trading regularly, borrowing money to any degree or entering into major contracts, such as leases?

- A Yes
- B No

All these have some of risk attached, which could lead to contractual liabilities and can make certain structures unsuitable.

### 3.9b

#### Analysis

In the column opposite is a list of organisational structures. Your answers to the questions before should help you decide on a structure.

By crossing out terms from the list, according to the instructions, you should be left with only one term under each heading ('legal structure', 'type of venture', 'management style' and 'ownership'). The terms left should be the most appropriate structure for you.

If you have more than one term under a heading, you have a choice. In this case, you should ask for further guidance from an appropriate advice or development agency.

If you have no terms left, you have a problem (but one that we can probably help you solve).

#### • Legal structure

- 1 Trust (unincorporated)
- 2 Unincorporated association
- 3 Partnership
- 4 Company
- 5 Industrial and provident society (co-operative)
- 6 Industrial and provident society (society for the benefit of the community)

#### • Type of venture

- 7 Worker co-operative
- 8 User or service co-operative
- 9 Community co-operative
- 10 Community business
- 11 Voluntary-sector body or charity

#### • Management style

- 12 Collective
- 13 Democratically elected management

#### • Ownership

- 14 Common ownership
- 15 Co-ownership

You should be left with only one term under each heading ('legal structure', 'type of venture', 'management style' and 'ownership'). The terms left show the most appropriate structure.

#### Instructions

For each question, cross out a number from the list before, depending on your answers.

#### 1 Main activities

- A – cross out 11
- B – cross out 5, 7, 8, 9 and 10
- C – cross out nothing

#### 2 Members

- A – cross out 1, 8, 9 and 10
- B – cross out 1, 3 and 7
- C – cross out 1, 3, 7 and 8
- D – cross out 2, 3, 5, 6, 7, 8, 9 and 10

#### 3 Wages

- A – cross out 3
- B – cross out 5

#### 4 Services

- A – cross out 1, 3, 6, 7 and 9
- B – cross out 8

#### 5 Financial support

- A – cross out nothing
- B – delete 8

#### 6 Benefits

- A – cross out 1, 6 and 10
- B – cross out 5, 7 and 9

#### 7 Profit

- A – cross out 7 and 9
- B – cross out nothing

#### 8 Profit

- A – cross out 1, 2, 6, 10 and 11
- B – cross out 7 and 9

- C – cross out 1, 2, 6, 10 and 11

#### 9 Winding up

- A – cross out 1, 6 and 14
- B – cross out 15

#### 10 Management

- A – cross out 13
- B – cross out 1, 3 and 12
- C – cross out 3, 5 and 12

#### 11 Membership numbers

- A – cross out nothing
- B – cross out 1, 3 and 12

#### 12 Membership numbers

- A – cross out nothing
- B – cross out 5 and 6

#### 13 Staff

- A – cross out 1 and 2
- B – cross out nothing

#### 14 Borrowing money

- A – cross out 1 and 2
- B – cross out 4, 5 and 6

### 3.10 How to incorporate

Once you have decided on whether to incorporate and how (company or society), there are two stages.

Firstly, you will need a governing document (memorandum and articles of association for a company, or rules for a society). Secondly, you will need to formally register with the appropriate registry. See part 3.8 on governing documents.

### 3.10a

#### **For a company**

While there are a number of model memorandum and articles of association, it is important to use a model or borrow someone else's, consider the content and consider whether it meets all the requirements. Many organisations rush at incorporation by taking the easy route and don't pay attention to the detail. This can result in problems at a later date (for example, not including any arrangements for removing members). As Companies House takes a view on the content of memorandum and articles, it is important for the company itself to make sure it has a useful document.

There are a number of specialist organisations offering incorporation support services, including designing an appropriate governing document and registration with Companies House (you can find details in the appendix). You can also get details on registration from the Companies House website ([www.companies-house.gov.uk](http://www.companies-house.gov.uk)).

### 3.10b

#### **For an industrial and provident society**

There are two ways to set up an industrial and provident society. You can use model rules through a sponsoring body or you can have rules specially written. The sponsoring body system is unique to societies as they have a tiered fee system, making it easier and cheaper to register in this way. If a set of model rules is appropriate to take advantage of the reduced fee, you must register through the sponsoring body concerned.

You can get a full list from the Mutual Societies Registration section of the Financial Services Authority or from their website ([www.fsa.gov.uk/mutual\\_societies\\_registration](http://www.fsa.gov.uk/mutual_societies_registration)).

### 3.10c

#### **Once incorporated**

As organisations develop, their priorities and focus may change. As a result, you should regularly review the governing document at least every couple of years to make sure it meets and reflects the current requirements of the organisation. They are not set in stone and can be amended if members vote in favour of the change. There are certain procedures to follow for this, but generally it involves giving reasonable notice of the proposed changes (for example, 21 days). Details of how it can be amended should be covered in the governing document.





## 4 Case studies



# How are different legal structures being used by local food enterprises in the UK? What activities are the enterprises involved in? How did they start? How are they funded and organised?

## 4.1 Goddard Farm

Goddard Farm, near Ashford, Kent, is a community-supported agriculture (CSA) initiative – an unincorporated, sole trader.

### Summary

A small, biodynamic (a variation of organic farming based on the teachings of Rudolf Steiner) vegetable box scheme, supplying 30 households who commit beforehand to a share of the season's crops. There are open days and a newsletter, and two of the scheme members volunteer on the farm.

### History

When Julian Guy's family moved to Goddard Farm in 1999 they had little experience of growing vegetables but aimed to be self-sufficient. The box scheme has been running for two seasons and was inspired by another CSA nearby.

### Organisation

The vegetable enterprise runs as a business and is unincorporated. The farmer, who owns the land, controls decisions and finance. This system was chosen because only one farmer was involved, running a box scheme for 30 households. The simple, unincorporated system was felt to be the most suitable. The farmer would like to change to another co-operative-type system but needs to find at least two or three others to be part of it. He had considered setting up as an industrial and provident society but did not follow this option. Nor did he apply for any grants because of the time involved and the need for a formal organisational structure.

One benefit of this structure is that it is simple to run – no meetings are needed. On the other hand, it does mean that the farmer has to initiate

everything. The farmer would consider switching to a co-operative-type structure if the opportunity arose because it would mean that he did not have to carry out all the management tasks and that responsibility was shared. It is hoped that more people would mean more ideas.

### Finance

The business made enough money in the first year to provide the farmer with a small income amounting to a low hourly rate. A working partner also brings income to the household. Some capital investment was also made. The enterprise has had no grant funding, except organic conversion payments. There are no plans to raise more money.

### Activities

Customers commit to supporting the scheme for a season at a time, and provide six cheques. They receive a share of the crops each week for nine months of the year. Last year, 12 different crops were planted using one acre and two polytunnels. All the vegetables go into the boxes (even when there is a very good crop), and a little is bought in if one of the main crops fails. Customers are encouraged to help on the farm, and a few work regularly in exchange for their vegetables. Vegetable boxes are delivered and all the customers live in two nearby villages. Customers are found by word of mouth and by advertising in a local paper. The area is generally not quick to take on new ideas and housing is expensive.

Members receive a monthly newsletter. There is an open day each year, which about 40 people (including many people who are not customers) attend. There is a farm walk and family activities such as a bug hunt and potato shy. Suggestions



from members on how the enterprise is run are always welcome.

The farmer's holding, which also provides for his own household, includes a small orchard, willow for basketry, and stock. The fruit has not yet been very productive. He would like to add a fishpond and alternative energy, and may consider adding more products from the holding to the CSA produce.

## 4.2 Gear Farm

Gear Farm organic shop and processing units in Cornwall is an unincorporated group of producers and processors using a shared retail unit on a farm.

### Summary

From small beginnings supplying cauliflowers to supermarkets and an 'honesty box' at the farm gate, Gear Farm in Cornwall has developed a thriving business. An old barn has been converted into an attractive farm shop and pigsties have been converted into processing units for local producers, to supply the shop and develop their own businesses. Despite being down a winding narrow lane with little passing trade, the shop is busy as local people make the extra effort to buy fresh seasonal vegetables from Gear Farm, and local fish, local beef and lamb, apple juice and cider, all processed on the farm.

### History

For 20 years, Gear Farm grew cauliflowers for supermarkets and also sold a small range of other vegetables through an honesty box outside the farm gate. They found it a struggle to keep up with the demands of the supermarkets and had noticed that the sales through their honesty box were increasingly healthy. Both things led to their

decision to start a farm shop.

They also decided to convert to an organic system, to protect wildlife and for the positive health benefits of eating organically grown vegetables, particularly for one family member who suffered from allergies.

Some old pigsties on the farm had not been used for 20 years. With the help of a small European grant, one was renovated for the shop premises. They did the work themselves, which took four months, and the shop opened in July 2000 offering a whole range of vegetables. Quality is important: "We are fussy about what we put in our shop," says David Webb of Gear Farm. Vegetables are picked every morning and extra is grown to make sure that only the perfect ones are put out. Production went up to 11 acres, including half an acre under polytunnels.

As the farm shop was so successful, David decided to increase the range of produce stocked, and also extend to a 12-month retailing period. David decided to convert the other empty pigsties into processing units that could be rented out to local small-scale producers.

### Organisation

Four producers supplying the farm shop have agreed to work together, although they have not formally set up a co-op. The arrangement benefits them all as the running costs of the shop are split four ways and staffing and cleaning the shop can also be shared. The producers see each other every day, so problems can be dealt with as they arise. As no-one knew what to expect, they all agreed at the beginning to monitor progress through monthly meetings. They also check each other's produce and new lines. There is an agreement that anyone can develop and produce a new line as long as it

# Despite being down a winding narrow lane with little passing trade, Gear Farm shop is busy as local people make the extra effort to buy fresh seasonal vegetables.

does not compete with anyone else's.

## Finance

The units are big enough to process enough produce for the farm shop, plus a little for local businesses such as shops and restaurants, a couple of which are supplied regularly. The rental for the units is purposely low, enough to cover the investment made in converting the units, Electricity and water are extra, and tenants have to supply their own equipment. The low costs mean that everyone can continue to maintain a unit and supply the shop, making sure an excellent variety of high-quality produce is available for customers.

## Activities

As a result of developing the farm shop and processing units, new life has been brought to the farm. Working together doing similar things means that producers no longer feel isolated.

Some local organic farmers, already supplying David with parsnips and carrots on a small scale, approached him to see if he would sell some of their beef and pork. They had previously been selling their animals at market but wanted to add value and increase their return by having their animals killed and selling the cuts of meat, sausages and so on. They had also decided to start producing apple juice and cider, but had no premises or facilities for this or the meat processing. They took on two units, one for meat processing and one for making apple juice. Their animals are slaughtered at the local abattoir and they kill between one and two pigs a fortnight to meet the demand, but cannot keep up with the demand for beef. They buy in organic lamb from the livestock market and cut and process it in their

unit to provide a wider choice of meat.

The farm shop also sells fresh fish and shellfish. It is surprisingly difficult to buy fresh fish in Cornwall as most catches landed for the English market go straight to Grimsby for processing, before returning packed and frozen. But a local fisherman, who has two boats operating out of the nearby creek in the Helford River, contacted David about selling his catch through the shop, which was otherwise mostly ending up in Spain. He also took a unit at the farm for processing. His partner prepares the fish in the unit and runs the shop for two days, resulting in a full-time job.

One of the units has been kept for making chutneys from Gear Farm's vegetables and also as a joint kitchen where products can be developed and made using a combination of the produce supplied to the shop.

## 4.3 Growing Communities

Growing Communities, Hackney, London is a community food enterprise and a not-for-profit company limited by guarantee.

### Summary

This is an established social enterprise started by a handful of local people. The initiative gives people an opportunity to grow vegetables and make links with farms, and offers therapeutic placements, opportunities for volunteering, training, a box scheme, a shop and a farmers' market. Growing Communities works to benefit the community, the environment and the economy.

### History

Growing Communities began 10 years ago, when three friends asked themselves how they could make Hackney a better place in which to live.

# Wester Lawrenceton Farm believe in educating the public about farming – for example, some people do not realise that cows need to have calves to produce milk.

A group of supporters began paying a subscription, and in 1994 the first vegetables were delivered from a farm they supported in Aylesbury. The scheme soon grew to 50 households and has developed further since then.

## Organisation

Growing Communities is a not-for-profit company limited by guarantee. This legal structure provides protection in terms of liability for the management committee and the directors. Possible members of the management committee for a new organisation to be set up (which was to become Growing Communities) were recruited from those involved with a box scheme that Julie Brown had set up in 1994. Those who came forward were keen to be 'hands on' but not be part of a workers' co-operative as such (that is, they didn't want to work in any paid role for Growing Communities). Bearing this in mind, it was considered the most sensible structure would be a company limited by guarantee because it would provide some financial protection and reflect the not-for-profit nature of the organisation. A drawback of this structure is having to put forward annual accounts and company returns.

There are currently 10 part-time members of staff. Six people, elected by members, sit on the scheme's volunteer management committee. Members of the box scheme go to the annual general meeting.

## Finance

Last year, Growing Communities had a turnover of about £100,000. Just over a half of this came from Growing Communities' own activities to create income (mainly the box scheme), while the rest was provided by outside funders including

the Community Fund and the Esmee Fairbairn Foundation. There are no shareholders. Profits are invested in the scheme. The scheme has few capital assets (buildings, vehicles and so on) and does not own land.

The box scheme currently provides most of the income for the organisation. About 140 households pay for weekly boxes priced between £3.50 and £8.50. The produce compares favourably to equivalent organic produce from local shops and supermarkets. Part payments by the Local Exchange Trading Scheme (LETS) are accepted.

Current development work (including the farmers' market and Volunteer Task Force) is funded by grants. Funding has come from the New Opportunities Fund SEED Programme, the Esmee Fairbairn Foundation, the Bridge House Estates Trust, and Woodberry Down and Stamford Hill Single Regeneration Budget. The scheme intends to become financially self-supporting – through fees from the farmers' market, increasing the sales of their own produce, fees from providing placements in the Volunteer Task Force, and by continuing to look at other ways of creating income, such as running training courses.

## Activities

The organisation has several activities linked to local food. Weekly boxes of organic fruit and vegetables, all from Europe (except bananas), go to 140 homes. Members are told each week where produce has come from. Several farms near London supply as much as possible in season, and members visit these farms for work days. Growing Communities aims to support rural businesses and help build understanding between the city and the countryside.



From the questionnaire in 2002, the organisation found that 58% of its members were female, 42% were male, 84% were white, 16% were black or from ethnic minorities, and 35% considered themselves to be on a low income.

There are similar schemes on three sites of less than one acre in total. The sites were derelict. The land is organic and the produce is sold through the box scheme, a small shop and the farmers' market. A grower is employed and over 450 people volunteered in the gardens last year. Two sites are in parks and the third is in the grounds of a community centre, which is used by toddler groups, carers' groups and so on. The gardens are used for training and demonstration purposes, for schools and for groups with special needs, with the help of an outreach worker. Community events are held in the gardens.

A weekly farmers' market with eight to 10 producers was launched in May 2003 to act as a 'meet the buyer' forum for those wanting to find new markets. This has been successful so far, with both farmers and customers happy.

#### 4.4 Wester Lawrenceton Farm

Wester Lawrenceton Farm, Forres, Moray, Scotland, is a community-supported agriculture (CSA) finance scheme and a company limited by guarantee with members' agreements.

##### Summary

This is a loan scheme, where members lend against the value of organic dairy cows, with the interest paid in cheese.

##### History

The Rodways came to Wester Lawrenceton Farm in 1997, and the cow-sharing scheme began soon

after. The Rodways had previous experience of community projects and had heard about CSA from the USA. They were chatting about how to raise money for buying a herd with a neighbour who said "I wouldn't mind owning a leg of a cow", and the idea emerged from there.

##### Organisation

The whole farm is a company limited by guarantee, owned and controlled by (and employing) the farmers. Members lend money against the value of the herd. They have no voting rights and members are paid interest at a set rate in cheese. The Rodways are currently drawing up a legal agreement for the cow-sharing scheme. Lenders are encouraged to take part in the work and life of the farm. The Rodways would like to develop a group (or an individual) to take over the scheme's organisation. One drawback of the scheme so far has been that, until someone is available to take responsibility, it adds to the workload. However, the farmers consider it to be a good scheme and a group of members has emerged from which offers to take on the work voluntarily have already come.

This legal set-up provides a useful structure that allows people's money to be invested in the herd. The scheme creates extra work (which the Rodways carry out), but it has still increased the money available to them.

##### Finance

There are 21 people who have lent money to the farm, in units of £500. Lenders do not own individual animals but together their loans are equal to the value of the herd. They are paid interest at a set rate of 8% a year. The interest is paid in cheese, valued at £10 a kilogram, which



is more than the wholesale price but less than the retail price. They receive four kilograms of cheese a year for each £500 loan, which they usually collect in large quantities. They can have their loan repaid at a few months' notice, but in practice most people see the investment as part of a long-term relationship with the farm. Six months' notice is needed to leave the scheme, preferably having found a replacement.

For legal reasons, these cow-shares cannot be advertised or offered direct to the general public. Instead, they must be offered only to specific people who have shown an interest.

### Activities

The social, cultural and educational part of the CSA is important to the farm. Although one aim of the scheme was to improve the farm's finances, another was to deal with social issues. The farmers believe in the need to educate the public about farming (for example, some people do not realise that cows need to have calves to produce milk).

There are newsletters and events on the farm about three times a year (either festivals or an open day). Most years, the people who own the cows meet up. Keeping people involved needs more effort than, for example, box schemes where members visit the farm each week. Holding events is one way to maintain people's connections with the farm. This is important because, while some cow-sharers visit the farm to pick up their cheese regularly, others collect it only occasionally (for example, just before Christmas).

Festivals are usually celebrated each year, and about 50 people (more at Christmas) come. They draw on ancient Celtic, pagan and Christian traditions at St Bride's Day, Christmas Eve and harvest time. On St Bride's Day, families join

in with singing, weaving reeds, making blessings and walking the boundaries of the farm. There is a resident artist who helps with events, such as a fire sculpture. Everyone shares in traditional farmhouse food and children enjoy eating festive, wholesome dishes as part of the celebration.

On Christmas Eve, carols are sung in the cowshed and to the sheep in the fields, after which mulled wine and mince pies are available. This event is very popular and is held in the early evening so that children can join in. Pam Rodway said that CSAs and similar schemes allow people to see what the origins of celebrations were – that they are both practical (based on food production) and spiritual. They also benefit the farmers, providing support, showing that their work is valuable and breaking the isolation of farming.

People who take part also learn about the Ayrshire breed, calving and other farm issues. They give names to the cows, and the herd currently includes Rhubarb, Custard and Crumble. There are work days where groups of people tackle jobs such as clearing ragwort, building paths and repairing fences.

The farmer says, "I came to farming from the outside and now I love to show people how food is produced."

More people would like to lend money to the scheme, but places are limited and people are chosen who will take part in the life of the farm. The members are a wide range of mostly local people who knew the farm or had heard of the initiative through word of mouth. Wester Lawrenceton is next door to another CSA (Earthshare), with whom they have a co-operative relationship, and some people are members of both schemes.



# Dragon Orchard is run by farmers and provides opportunities for members to enjoy and understand the local landscape and culture.

## 4.5 Dragon Orchard Cropsharers

Dragon Orchard Cropsharers, near Ledbury, Herefordshire, is a community-supported agriculture (CSA) initiative run by farmers and is incorporated as a company limited by guarantee with simple members' agreements.

### Summary

This is a crop-share scheme, where crop-sharers pay for a share in the yearly apple harvest in the form of apples and pears and products made from them. They are also invited to seasonal weekend visits. The enterprise is run by farmers and provides opportunities for members to enjoy and understand the local landscape and culture.

### History

The Stanier family has a long history in the area and an affection for the landscape and orchards that shape it. They used to supply a wholesaler with their fruit, but this market dried up in favour of large cheap suppliers because of the short season of the Staniers' particular varieties. The Staniers have no cold store and so cannot supply fruit continuously. They also used to supply a local cider maker with a small portion of the harvest, who took the apples when they were picked. The cider maker was taken over by a larger company, whose inflexible processing schedule did not fit with their apple varieties. The Staniers said, "The market collapsed and the orchard began to feel like a millstone round our necks."

Meanwhile, visitors to the farm confirmed that the flavour of the apples and the experience of staying on the farm were wonderful. The Staniers had heard of box schemes and CSA from the Soil Association, and they say "suddenly the millstone lifted from our necks. We thought 'yes!'" To begin

with, they spent about 12 months discussing the project with various people such as a solicitor, a bank adviser and an accountant. They then printed a brochure and set up a website. They spent most of the set-up costs on the brochure (£2,500), with the rest on the website (£1,000). The family paid these costs themselves. The crop-share CSA was then launched at the Ludlow Food and Drink Festival in September 2001.

### Organisation

The farm welcomes crop-sharers as visitors and trades with other small local businesses. The Staniers are happy with the way the scheme has run and have not had any problems. However, they are considering changing the structure of the scheme to allow further developments such as working more closely with local people. They recognise that not everyone has the income available to become a crop-sharer at current prices (although existing crop-sharers consider the cost to be extremely good value for money). As the Staniers do not want to leave people out because of their income, they are considering a workshare scheme where people could pay for a percentage of their share through work. This idea has not yet been made formal, but it's something they are working towards.

The Staniers are also hoping to encourage more local groups, such as schools, to visit. This has started informally with, for example, a group who educate their children at home spending a morning visiting, helping with the harvest, and seeing how the apples are juiced in the afternoon. Formalising visits like this will involve deciding how much to charge, which is currently being considered.

In 2002, Dragon Orchard Cropsharers reached the final of the National Farmers Union Countryside

# Dragon Orchard members are very mixed, with lots of families and retired people, and almost all crop-sharers renewed their membership after the first year.

Competition. Recently, they have appeared in Rick Stein's *Local Heroes* book, in which they are described as 'superheroes'. Now in their third year, they are fine-tuning their set-up and working to involve the wider community.

## Finance

Crop-sharers pay £300 a year (or £275 for existing crop-sharers) for weekend visits and a share in the harvest made up of:

- eating apples (two x 30lb boxes of different varieties);
- cooking apples (two x 30lb boxes);
- pears (a 10lb tray);
- single-variety apple juice (12 bottles);
- table cider (12 bottles); and
- home-made apple chutney and plum jam.

The scheme has been adjusted so that it can be more flexible in what products people receive, so crop-sharers can now arrange, for example, to have less fresh fruit and more cider or juice.

About half the share price goes towards the orchard produce, and the other half is spent on the four weekend visits a year (one of which is a three-day bank holiday weekend) at which a main meal and tea and coffee are served each day.

In the first season there were 30 crop-sharers. This number has risen towards 40, which represents about 120 to 125 people, and the ideal number of crop-sharers to grow to will be about 100. As numbers rise there will need to be some adjustment to the weekend visits if the Staniers are not to be overwhelmed. This may mean running six events a year and letting crop-sharers come to any four, to spread the load involved. Numbers will eventually be limited to protect the quality

of the experience.

Almost all of the crop-sharers renewed their membership after the first year. Members are very mixed, with lots of families and retired people. Single crop-sharers tend to share their produce with a friend, relative or neighbour. The oldest crop-sharer is 95, and the youngest are babies. Membership is wide-ranging, with 18 retired members, 30 family members from older families (teenagers tend not to go to many weekend events but do use the produce!), eight adults with eight to 10 children from younger families, 10 couples and seven single people. Around half of the crop-sharers live within about 30 miles away, while the other half live further away (for example, Shropshire, London, Manchester and Leicester).

In the first year, publicity was created by going to shows and over the radio. They have had a lot of coverage locally, but have not gained many new crop-sharers locally as a result.

The scheme takes about five hours a week to run, except during the weeks where there are visits, when the work becomes full time. The more crop-sharers there are, the more time needs to be spent preparing for and running weekends. The food for the weekend visits costs about £1,000 a year (about £45 is spent on lunch every day during a visit weekend).

## Activities

The Staniers expected the crop-share CSA to attract mainly people who live in towns and cities, who would appreciate a taste of country life and belonging to a farm. In fact, many local people have also become crop-sharers, wanting closer involvement with the land around them.

The 22-acre orchard grows several varieties of eating and cooking apples, as well as apples for



producing cider. They manage pests, use sprays when necessary, and allow the fruit to ripen on the trees before being hand-picked and hand-graded.

The Staniers are considering making the farm organic, although it seems unlikely at the moment because it would need more labour. They have not made a final decision, and may discuss the subject with the crop-sharers.

The Staniers plan to replant an orchard with unusual and late varieties. To choose which varieties to plant, they consulted the crop-sharers informally at an event and through a leaflet. The Staniers will use this input to help them make their decision.

Crop-sharers receive a newsletter every three months with information about recipes and growing fruit. Crop-sharers' involvement in the farm and local culture is an important part of the project. There are farm weekend events four times a year, in which up to 80 people take part. These tie in with local events such as a harvest festival and a dance, and a poetry trail through the orchard as part of the Ledbury poetry festival. There are seasonal celebrations such as wassailing, pruning and orchard walks, wildlife talks and workshops with local craftspeople. Food is provided from the farm, including rare-breed pork for the barbecues.

Crop-sharers have taken an interest in things beyond the orchard itself, such as the reed-bed sewage system and ecological farm building. They go and visit the cider maker, local ice-cream maker, charcoal maker and apple juicer. They stay in local bed and breakfasts and use local restaurants. As a result, the crop-share CSA supports several small local businesses. They are also investigating the possibility of supplying fruit to local schools.

## 4.6 Thames Valley Farmers' Market Co-operative

A farmer-owned co-operative.

### Summary

Since the first market in 1997, farmers' markets have proved themselves to be an excellent way of improving the economic, environmental and social life in rural areas. They have been shown to provide self-help solutions to groups of rural businesses wanting to be economically successful and are now a well-recognised part of many local rural economies. The Thames Valley Farmers' Market Co-operative (TVFMC) has become the UK's first producer-owned co-operative farmers' market.

### History

In most cases, there will be a set of rules that define a market as a 'farmers' market'. Essentially these rules make sure that all produce is sold direct (by the person or business responsible for growing, raising, baking or brewing the food on sale). Products made from a range of ingredients should be made locally and contain local ingredients.

The first UK farmers' market took place in Bath in 1997. This was a tremendous success, and over the following six years about 450 new markets began throughout the UK.

As the number of markets grew, it became clear that as the cost of running farmers' markets was high, it was financially more practical to bring the markets together into groups (usually on a countywide basis).

The TVFMC began in 2000, and represents small producers and farmers selling direct to customers at farmers' markets in the Thames Valley. In this



respect it is different from most farmers' market groups in that it is owned by the stallholders rather than a partnership, a local authority or a market operator. In October 2003, the association became Thames Valley Farmers' Market Co-operative Ltd.

#### **Organisation**

Farmers' markets use a wide range of organisational structures. Many individual markets are unconstituted and rely on goodwill and voluntary support to operate. Most large farmers' market groups have formed themselves into constituted organisations (usually companies limited by guarantee), a couple of which are now co-operatively managed.

The TVFMC decided to become a co-operative after previously operating as an unconstituted association. This puts the control of the market management into the hands of those who will be directly benefiting from the promotion and organisation the group carries out. The co-operative structure also gives the group a basis to develop its profile and expand.

#### **Finance**

In most cases, farmers' markets have been set up with financial and practical support (or both) from a local authority. Some farmers' markets continue to be run with this support. However, most now fund themselves, with the stall fees paying for operational and promotional activities.

TVFMC is funded entirely by the stallholders. Each stallholder pays a small fee to TVFMC each time they rent a stall. On top of this, stallholders pay a yearly £50 'accreditation' fee to join the market. The TVFMC uses the fee to check that

members are genuine stallholders selling only their own products.

#### **Activities**

Farmers' markets are extremely important for the economic life of rural areas. The social benefits of farmers' markets are equally as widespread. Farmers often work in isolated conditions so farmers' markets bring them together and allow them to meet their customers. When farmers' markets are well run, they can boost the atmosphere of a town centre by becoming places for street entertainment and festivals. As places to buy fresh food, farmers' markets are second to none, and as food is sold direct it is more affordable than when sold through a retailer.

However, the most obvious benefits provided by farmers' market are economic. Farmers' markets provide a new source of income for small farms and new rural businesses. They are an excellent way for new businesses to test new products where customer feedback is almost instant. Businesses near to farmers' markets also benefit. Market towns that have been threatened by out-of-town shopping complexes and supermarkets have found that farmers' markets have benefited trade in the town centre.

As with all co-operatives, TVFMC's aims are based on self-help, self-responsibility and self-organisation. Their aims are to:

- promote and manage farmers' markets;
- provide quality local food to local communities;
- give farmers and small producers the opportunity to sell direct to the public; and
- develop strong links with other organisations.

# Kettering CSA aims to provide local, mainly low-income families with healthy, alternative, affordable organic produce.

## 4.7 Kettering CSA

Kettering CSA, Kettering, Northamptonshire, is a grant-aided community food enterprise registered as a not-for-profit company limited by guarantee, in the form of a community co-operative.

### Summary

Kettering CSA is a new grant-aided scheme, with a box scheme and trading links with local organic farms. One of its main aims is to provide local, mainly low-income families with healthy, alternative, affordable organic produce. Educational activities are developing.

### History

When David Sanders and his partner returned from overseas in 2000, they wanted to continue to do agricultural and community development work: “We were like fish out of water unless we could continue with our vocation.”

From this strong personal commitment, they contacted their local authority with a proposal. As the Sanders had little evidence that the proposal would work, the local authority rejected it. As a result, the Sanders set up a box scheme for 25 people and bought in local organic produce while they looked for land. They were not able to find private land, but found a block of 21 disused allotments and returned to Kettering Borough Council in 2002 with a new proposal to use the allotments with SRB (Single Regeneration Budget) funding. The proposal and funding were agreed, along with help from a council community enterprise officer. Work began in March 2002. Support from the council has continued and several councillors have become members. The SRB funding has now ended, although the CSA

is in the process of applying for more.

The 25 box-scheme customers became CSA members. The Sanders were careful to assess the needs of other local people. They asked people in the streets to fill in a questionnaire and asked schools for letters of support, from which the response was very positive. They worked with a local community centre and held an open day. From this, some volunteer organisers came forward and they followed the steps in our CSA action manual to get started.

The Sanders have recently bought an extra quarter-acre on the same site and it is currently being cultivated.

### Organisation

The CSA is registered as a not-for-profit company limited by guarantee, in the form of a community co-operative. It is easy to set up and there are few restrictions. Drawbacks include difficulty in receiving funding, especially to pay for staff salaries and volunteer expenses. The CSA thinks applying for charitable status at some time in the future may help to deal with this.

Northampton Co-op Development Agency helped to develop the structure. Anyone may become a member. Most members are box-scheme customers, volunteers or supporters. The original group of eight people emerged from the first public meeting. Now the CSA is constituted, members elect a volunteer management committee at the annual general meeting, who are responsible for the organisation. The committee represents the various groups of people involved.

The CSA tries to maintain an informal atmosphere and keep paperwork down as much as possible. It is still operating as a community co-operative, but is looking at changing to a more

commercial arrangement. An obvious benefit of commercial enterprise would be that more income may be available.

#### **Finances**

The CSA has received a large amount of grant funding for start-up costs and makes a low income. The Single Regeneration Budget provided £17,000 in year 1 and £27,000 in the following two years. This money has been used and successfully assessed by the East Midlands Development Agency. The CSA has applied for £10,000 for a nature trail from the British Trust for Conservation Volunteers (BTCV) and for £7,000 from the Local Network Fund for a young people's gardening club. The BTCV grant is now in stage two, with an adviser available. However, the CSA is reluctant to continue with this grant application for now because of time-consuming commitments of meeting the conditions. Grant funding has so far covered the costs of four polytunnels, training for volunteers and the main group of members, secure storage and a resource centre. Other funding applications may allow the CSA to continue with projects concerning volunteer recruitment, expenses and conservation work.

The box scheme brought in an income of £5,000 during six months of operation in 2001 (the first year of the scheme). Volunteers can work for their vegetables, and about four people do so during the winter. Boxes currently cost £3.50, £5 or £7.50 (the price of all boxes was increased by 50p in 2003) depending on size. Although they used to have a delivery service (costing an extra 50p), this is no longer available and all box-scheme members collect their produce on Thursday or Friday afternoons or Saturday mornings.

The CSA hopes to increase income from

providing training placements.

#### **Activities**

The CSA works on a block of 21 allotments on the edge of Kettering, which has a population of 60,000. The CSA particularly involves people from the Single Regeneration Budget's target disadvantaged ward. One of the CSA members is from the area, as are half of the volunteers and 40% of box-scheme members. Membership in 2003/2004 was lower than before, with 79 members renewing their membership (down from 132) and currently 55 box-scheme customers compared with 60 box-scheme customers last year. They hope to be filling 80 boxes a week.

The CSA intends to grow everything for the boxes for 11 months of the year. Currently, their own produce is supported when necessary with produce bought in from a certified organic supplier in Lincolnshire (Eden Farms).

Local people are keen to join the CSA. Elderly people and young families are especially keen to take part. Much of the work is done by hand but the scheme does have a rotavator, a strimmer and a mower. The emphasis is on local and fresh rather than organic, although growing is to organic standards. Members have come from word of mouth, from local media coverage, and from open days and promotional events at the community shop. Publicity came from winning an 'improve your patch' award.

In the winter, one volunteer works on the allotments for two days a week and another three volunteers come two or three times a month. There are numerous volunteers during the summer, including a youth exchange group, a lifelong learning group and people from the volunteer centre. Volunteers in the garden free

up the Sanders for developing educational aspects of the CSA.

Besides the box scheme, members can take part in wildlife work on the land, such as making ponds and laying hedges. They can also use the site for music, drama and so on.

The CSA works with other community groups – the neighbouring Allotment Association and CSA have places on each other’s committees – and there is a strong relationship with the local community centre.

The CSA also works with local schools, who have designed a logo and created a name for the CSA. Their logo is now in place on the main sign and the name they are now known by is The Green Patch. The children will be encouraged to visit and learn about food. The CSA has formed links with a school in the Gambia that has a school garden. This link is ongoing, but is not well developed.

The CSA has managed to raise more of its own seeds, as was planned, both with its members and with neighbouring allotment holders, who have varieties from their own saved seeds. The neighbouring allotment holders have expertise and will be increasingly welcomed as partners. The CSA would like to certify the produce as organic, so that people can learn about what organic production involves.

#### **4.8 Bowland Farmers’ Co-operative**

Bowland Farmers’ Co-operative Ltd (BFC), Lancashire, is a co-operative registered as an industrial and provident society and run by the farmers.

##### **Summary**

Bowland Farmers’ Co-operative Ltd was registered as an industrial and provident society in September

2000 under the Industrial and Provident Societies Acts 1965–2002. It uses model rules and is a good example of a business run by farmers:

“A legal entity formed on the initiative of producers, is owned and controlled by them and operates for their benefit.”

##### **Organisation**

Membership is restricted to those producers who actively support the group with stock and have current signed members’ agreements setting out the operational relationship between the group and the member. Shares are £1, and no member can hold more than one share. Voting is one member one vote. Members also pay an interest-free loan (which can be repaid) to provide extra funding.

Members come from the Bowland Forest catchment area and the aim of the group is:

“To market beef, lamb, pork and other farm-produced food, sourced from our members through building a brand and organisational structure able to provide a sustainable, long-term, profitable outlet for members’ products.”

Their mission statement is also simple:

“We care about the stock we raise in Bowland; our reputation and future rest upon it.”

##### **History**

Since its start in 2002, Bowland Forest Co-operative Ltd, through its subsidiary Bowland Forest Foods Ltd, has gradually built up an impressive sales record with local butchers and caterers, and is recognised as a provider of quality meat products with its well-recognised logo and distinctive packaging.



Bowland Forest Foods Ltd – a private company limited by shares incorporated under the Companies Acts 1985 and 1989 – was set up in 2000. It is a totally-owned subsidiary of Bowland Farmers' Co-operative Ltd (BFC owns the whole of the issued ordinary share capital of BFF). Bowland Forest Foods Ltd is the management and marketing section of Bowland Farmers' Co-operative Ltd, carrying out its administrative and operational functions for a fee. Bowland Forest Foods Ltd has so far developed a recognised brand using the logo of the Forest of Bowland (in a slightly different form) – the Hen Harrier. Bowland Forest Foods Ltd provides the organisation, and is the direct relationship between customers and Bowland Farmers' Co-operative Ltd's members.

By setting up a totally-owned subsidiary which is able to buy stock in its own right, both from Bowland Farmers' Co-operative Ltd and other direct suppliers, Bowland Farmers' Co-operative Ltd makes sure that it can maintain its mutual tax status and have a clear operational programme, regulated by members' agreements with its individual members.

#### **Finance**

Bowland Farmers' Co-operative Ltd markets livestock for its members as an agent, paying members the money from the sale of their product (less a marketing and management charge). This has provided the group with mutual tax status (reserves have remained tax-free) in that it does not trade (that is, buy and sell). The members' agreement also allows for any profits and losses to be paid to or recovered from members each year in line with management and marketing charges paid. Also, any reserves can be distributed in the

same way, with arrangements also being made for transfers to general reserves. Reserves are paid when a member leaves the group, but always only if the board decides. This makes sure that existing members are not put at unnecessary risk when a member leaves and that no tax liability is created for the members until the payment is actually made.

Turnover has increased from £274,000 for the year ended March 2003 to £366,000 for the year ended March 2004. Turnover for the current year is also set to increase again.

### **4.9 Stroud Community Agriculture**

Stroud Community Agriculture, Stroud, Gloucestershire, is a community-supported agriculture enterprise. It is incorporated as an industrial and provident society (IPS) community co-operative with individual members' agreements.

#### **Summary**

Stroud Community Agriculture was set up in 2001 to develop a farm to the group's social and environmental principles. Members pay a subscription each year for membership and a further payment to receive produce (mainly vegetables, although the scheme is expanding to rear livestock). The farm is certified organic and is influenced by biodynamic methods – a form of organic agriculture based on the teachings of Rudolf Steiner.

#### **History**

When a local organic farm was threatened with failure, a public meeting was called to consider how to support it, and Stroud Community Agriculture emerged from this meeting. A group of supporters began to meet regularly and organised themselves into work groups, who



# When a local organic farm was threatened with failure, a public meeting was called to consider how to support it, and Stroud Community Agriculture emerged.

made a strategy for developing the project.

The following spring, some supporters began to pay a monthly subscription and a grower was employed on two acres of rented land. Now they rent 23 acres closer to Stroud.

## Organisation

Members hold planning meetings every three months to set the direction for the farm. They elect a group of (currently eight) volunteers to act on the plans set at members' meetings. Decisions are usually made by general agreement. They must follow principles set by an earlier public meeting. The farm business is owned and controlled by the members, who employ the farmers. The farmers are members too, and sit on the group, although they cannot make decisions about their own pay.

Stroud Community Agriculture has become incorporated as an industrial and provident society community co-op. This structure was chosen because it is sympathetic to their social aims, and because to be an IPS aims must benefit the community (which is not the case for companies). As a community co-operative, it is possible to raise money (if they want to) by allowing investment with a return for investors as a profit-sharing organisation. Although this is not likely to happen, it does mean that it would be possible, for example, to raise money to buy land to set up a land trust. Another benefit of an IPS community co-op is that every member has a vote, which puts everyone on an equal basis. Membership spreads the costs and risks involved in business.

## Finance

A yearly membership costs £24 (£12 for concessions). If members want to receive vegetables (and most currently do), they pay a

further £30 a month for their first vegetable share and £20 for extra shares. The membership fee covers administrative costs such as the newsletter, events and hiring a meeting room. The vegetable share fee (£30) contributes £10 towards the farm rent and farmers' wages, and £20 pays for the produce (so further shares only buy produce).

Members collect their produce each week. The produce shareholders receive would be worth around £5 a week wholesale – members pay around £7.50, which is about the same as its retail value, although less than it would cost in some supermarkets. There are 40 members who receive produce, and possibly one or two who do not.

Some began to support the project financially before vegetables were available so that the grower could be paid to raise the first crops. The value of the vegetables produced for members in the first season was £4,500. The farm provides 40 vegetable shares, which make up a large box of produce. Surplus vegetables are sold for wholesale, which raised £4,000 in the first year. Farm produce has been supported by buying in from a nearby farm at a cost of £2,700 in the first year. The farmers worked three days a week in the first season, with volunteer help from members. Farmers are paid the equivalent of £15,500 if working full time. In the first season, Stroud Community Agriculture built up £5,000 in savings. Land and machinery is rented and the farm business has little money of its own.

Stroud Community Agriculture has started a pig-rearing scheme called Hog Hands, for which members (who must also have paid to become SCA co-operative members) pay £150 (either in full when joining the scheme or in two instalments – when joining and at three months). They sign an agreement that the budget and meat quantities are

# Tablehurst runs two extremely successful farm shops, employing a full-time butcher to cut and process the meat – lamb, pork, beef and chickens, plus turkeys and geese at Christmas.

estimates and that they accept joint responsibility for making up any shortfall but would receive any profit from the scheme. The estimated return is 25kg (55lb) of pork (equivalent to half a pig). Hog Hands must also commit to taking part in a pig-feeding rota in which they will feed and check the pigs every evening, and also in the morning at weekends, for an estimated three weeks – one week at a time, followed by eight weeks off over seven months. Otherwise, they can make arrangements to have them fed or pay £3.75 a day for this to be done.

Stroud Community Agriculture has also taken on a suckler herd to manage its grassland and has started employing a stock-keeper part time.

Stroud Community Agriculture was awarded £22,500 by the SEED lottery fund for membership development work to make itself more accessible to disadvantaged groups in the area. Half of this money will be spent on machinery to farm produce for these new members, and half paid to a development worker two days a week. The development worker identified disadvantaged groups, held meetings with them and considered what was holding them back from taking part in such a scheme (such as the expense). Grant funding is vital for developing the work of Stroud Community Agriculture, but it intends to continue to cover running costs without grant aid.

## Activities

As well as providing weekly vegetable shares, Stroud Community Agriculture was set up to create a community around the farm and to understand and celebrate the life of the land. Members visit the farm each week to collect the vegetables and pick some of their own produce, helped by a noticeboard announcing what quantities to take

of each item. About once a month members organise activities to bring the community together, and new friendships are emerging. There is a planning meeting every three months and workdays on the farm on the third Saturday of every month. There is a nutrition study group and celebrations such as Candlemass, bonfire night, barbecues, harvest supper, snail races and picnics. Members are kept informed in a three-monthly newsletter. Stroud Community Agriculture aims to share learning about the model, and has become a Cultivating Communities Open Farm to do this. They also hope to share learning with other interested farms and carry out some media work and public speaking.

In two or three years, they aim to take on a large agricultural tenancy, possibly a county tenancy from the council. Ultimately, Stroud Community Agriculture wants to run a mixed farm of about 100 acres (with around 200 members), producing as much as possible of members' food including honey, eggs, cereals, fruit and meat.

## 4.10 Tablehurst and Plaw Hatch CSA

Tablehurst and Plaw Hatch CSA, Forest Row, East Sussex, is a community-supported agriculture enterprise. Incorporated as an industrial and provident society (IPS) community co-operative with individual members' agreements, and an agreement with a landholding trust.

## Summary

The scheme farms around 700 acres on two small farms three miles apart – Tablehurst and Plaw Hatch. Of this land, 500 acres have been farmed biodynamically (a form of organic farming based on the teachings of Rudolf Steiner) for around 20 years and the other 200 acres (which have recently



been rented) are being converted to biodynamic status. Together, the farms have a yearly turnover of more than £800,000.

Tablehurst is currently being incorporated into the same land trust as Plaw Hatch Farm (which has recently been bought by the CSA scheme). The CSA aims to re-establish the connection between the process of food production and the people who eat the food, creating support for organic farming practices into the future.

A co-operative owns the farm business, with shares owned largely by the local community. The business runs two extremely successful farm shops, employing a full-time butcher to cut and process the meat – lamb, pork, beef and chickens, plus turkeys and geese at Christmas. Processing some of the farm produce – for example, milling flour improves the financial return for these products.

### History

The Tablehurst Farm land and business were both owned and run by Emerson College Trust, a charitable trust. This Steiner teacher-training college used the farm for teaching biodynamic agriculture. The trust employed a farm manager and operated as a commercial enterprise. As profits from agriculture fell, the college found it increasingly difficult to farm it economically.

Plaw Hatch Farm was left to St Anthony's Trust, a charitable trust, in around 1980, 'for the community'. It was then farmed commercially, with both land and business owned by St Anthony's Trust.

Although farming and owning land are not legitimate aims for a charity, both these trusts have education as an aim which works well here as a lot of farmer education takes place on the farms, but it does mean that the basic aims of the trusts do not match all the aims of the co-op.

By the mid 1990s, both farms were in trouble. Neither could pay their way commercially, and despite the fact that they were both owned by local charities, the farms owed the community very little.

In 1994, Emerson College decided that it should sell Tablehurst Farm. As a charity, it had to follow charity law to get the market price for the farm. It seemed likely that the farm would no longer be farmed organically and sold for intensive agriculture. However, a group of local people saw a possibility of saving Tablehurst for the community, and even converting it into a community-owned farm. Over a short period, cash and pledges of £150,000 were raised, enough to buy the assets of the farm business.

Tablehurst Farm Ltd was set up as an industrial and provident society (IPS) in 1995. As a result, each shareholder has only one vote at general meetings, no matter how many shares they own, which is a good way of sharing ownership. This IPS is known informally as 'the co-op'.

The structure was created as follows.

- Tablehurst Farm land (still owned by Emerson College Trust).
- Tablehurst Farm Limited, a new limited company, was created to run the farm.
- The co-op, an industrial and provident society, became the only owners of Tablehurst Farm Limited.
- About 100 people became the first shareholders in the co-op, and so the owners of the Tablehurst Farm business.

When the co-op was set up, its founders aimed to buy Plaw Hatch Farm as well. However, for a number of reasons (especially financial ones) they had to delay buying Plaw Hatch Farm. By the end



of 2000, the timing seemed right for this move. The owner, St Anthony's Trust, believed that the farm would be a more successful community enterprise under this new ownership, and so was supportive. However, they had to follow the same charity law as Emerson College, and so had to sell the business at a market price.

In January 2001, the owners had a second fundraising event and raised £65,000 by issuing co-op shares. This allowed them to buy the existing limited company business of Plaw Hatch. The farmland was still owned by St Anthony's Trust.

### Organisation

The final aim is to arrange for the land at both farms to be owned by a single land-owning trust. This will provide better focus and longer-term stability for the community farm enterprise. Keeping land ownership in trust makes it less likely that the farms would be lost completely, even if one or other of the businesses failed. Arrangements are currently being made for the land of Tablehurst Farm to be transferred from Emerson College Trust to St Anthony's Trust. Once this has happened, the final ownership structure will (probably!) have been reached, in that:

- one IPS owns two farm businesses; and
- one charitable trust owns the land and buildings at the two farms.

There are around 400 individual shareholders in the co-op, many of whom have more than one share. Shares cost £100 each, they cannot be sold on, and do not create dividends or benefits of any kind. For example, there is no arrangement for shareholders to receive farm produce either free of charge or at a discount. The only benefit of

owning shares is the sense of involvement in a valued community enterprise.

Membership is mixed and there are no plans to restrict membership size.

Although the co-op members own the farms, they do not interfere in the management of the businesses. Each farm has a management team which includes co-op representation, but they are largely under the control of the farmers. The aim is that day-to-day farming decisions are left to the farmers, with the wider co-op only becoming involved in important questions of principle which could be seen to affect the broader aims. It helps a great deal that the farmers are very committed to community farm principles.

Shares entitle members to vote and so influence the co-op's activities. Between 10 and 12 members are elected to the management committee. It meets every three months to deal with issues such as fundraising and producing newsletters. Peter Brown manages Tablehurst Farm and has two full-time staff.

This ownership structure is designed to:

- protect the land indefinitely for community farming;
- spread ownership as widely as possible in the local community so that there is no possibility that a single unfriendly individual can secure control of the business, the charities and the co-op;
- sell most of the produce locally; and
- create a united community of support and interest around the farm.

Both farms now run farm shops. At Tablehurst, almost all of the farm's produce (mostly meat and poultry) is sold straight from the farm to the local community. At Plaw Hatch they have yet to do this,

# Wheat is milled for flour, and oats are grown for livestock feed. All livestock is slaughtered locally, processed by the resident butcher and sold through the farm shop.

although the farm shop is thriving, selling vegetables, milk, yoghurt, cream and cheese produced on the farm. Plaw Hatch also operates a milk round, selling raw milk to local households.

## Finance

Setting up the original co-op raised £150,000, which secured the future of the farm business, bought the assets from the college and made improvements to the milking parlour and chicken houses. The farm received an environmental grant to restore a large pond, and an irrigation lake was paid for half by farm finances and half by a local resident. The recent renovation of the farm shop cost £15,000, and new processing equipment cost a further £7,000. Some co-op members have also donated their professional services to the farm. A further £65,000 was raised to buy the Plaw Hatch business.

Business funding is currently being used to rent a further 200 acres of land. This expansion is necessary because Tablehurst was not able to meet local demand for its produce.

## Activities

All livestock is slaughtered locally, processed by the resident butcher and sold through the farm shop. Wheat is milled for flour, and oats are grown for livestock feed. Potatoes and leeks are grown and sold wholesale to shops, a local vegetable box scheme, and also through the farm shop. A beekeeper tends a number of hives and the honey is sold through the farm shop, with profits going to Tablehurst Farm. A couple who recently joined the community planted an apple orchard. They work two and a half days a week on the farm in exchange for board and lodging and land rental. When the trees fruit in about five years, the couple will pay

10% of the gross income to the farm. Up to six apprentices work with Tablehurst in return for board and lodgings, a weekly allowance of £25 and weekly lectures on biodynamic farming by guest speakers. The farm receives a local-authority allowance for three adults with learning difficulties who live and work alongside the farm staff. The supporters get together for a harvest barn dance, yearly open day and regular farm walks. The farmers encourage the co-operative members to get involved in organising these events, which are also open to the wider community.

Tablehurst Farm has reduced the amount of vegetables it grows which need considerable hand labour, as the land does not suit mechanisation. Plaw Hatch, on the other hand, grows lots of vegetables.

Developing Plaw Hatch CSA, a complementary farm with a dairy and vegetables, into a greater CSA structure is currently underway.

To further connections between food production and customers, and increase support for organic farming practices, the farms' aims are to:

- develop a successful commercial business at both farms;
- make sure farms are owned by the community indefinitely – long-term farming rather than increased commercial gain beyond levels of maintaining the farms;
- farm to the highest standards of organic agriculture;
- produce outstanding food;
- sell all produce locally, to benefit the local community and show that food can be local;
- train young farmers in their principles; and
- educate people about the land so that they understand the process of food production.

## 5 Meetings



# Discipline over meetings can make or break an organisation.

## 5.1 Suggested procedure

Meetings will vary in how formal they are and in their legal requirements (as set out in the registration document). However, the following are general principles that apply.

- Start on time.
- Agree a finish time and stick to it.
- Appoint a chairperson before you start and let them have the authority to keep everyone in order and get through the business.
- Appoint someone to record decisions, issues, important information and actions agreed. Stick to what you agreed in previous meetings.
- Decide on the purpose of the meeting before you start. What decisions need to be made? What information needs to be shared? What issues need to be investigated but not decided on? Who needs to do what?
- Everyone at the meeting should be there for a reason.
- Agree on an agenda and stick to it! Prioritise the work to be done, and set aside time for each item before you start.
- If other issues arise, make a note of them and discuss them under 'Any other business' at the end.
- The chairperson should make sure that issues are actually solved rather than merely discussed (a clear decision reached and recorded).
- Arrange a date and a purpose for the next meeting.
- Appoint a chairperson and someone to take notes for the next meeting.

Notes of the meeting should be typed up and given to everyone present. The chairperson should write a draft agenda and send it to members for comments before the next meeting. The secretary should make sure copies of the notes are kept on file.

## 5.2 Holding meetings

When planning your meetings, it is important to be clear about what business needs to be done, but also how to help develop a healthy group or community where:

- all members can take part;
- members aim to develop the organisational skills of the community; and
- members aim to increase trust and friendliness.

It is helpful to set aims for each meeting, including aims towards forming a group. At the early stages the group may not be strong enough to deal with some problems. Setting up a group takes a long time, and the group always changes.

How will you help everyone to take part? Meetings might not be chaired in a traditional way, so here are some things you can do.

- Consider having someone external who is neutral and experienced in working with large groups to run the first meetings.
- It might be helpful to agree on principles first, then your vision, then your aims and then your action plan.
- Consider asking the people who come what sort of group they would like to work in and what rules they would like to set themselves (for example,

no interrupting, and everyone's view is to be heard). How would they like to make the group one they would like to belong to?

- Consider who is taking on which roles in the group, and try and be clear about what their powers are. Which people have authority and responsibility for which kind of issue?
- It is slow and difficult to deal with many different ideas, but everyone needs to feel included. You can use Post-it notes for collecting people's thoughts.
- It can be helpful to give everyone a chance to speak on an issue.
- It can be helpful to break into small groups so that everyone has a chance to speak.
- Consider helping people to get to know each other by giving them activities where they can speak about themselves (for example, saying why they want to be involved).
- Consider what people need to know to be able to make good decisions.
- For each item on the agenda, it might be helpful to say whether you need ideas, people's views, an exploratory discussion, a list of possible solutions or a decision, or to agree actions. You can then plan the activities at the meeting in line with this.
- Take account of people's feelings.
- Finally, there is no substitute for listening to people.

### 5.3 Involving the community

Involving people in planning for local food schemes has several benefits. If the beneficiaries or customers of an enterprise are allowed to have influence, they are likely to design a system that meets their needs. They are also more likely to

feel involved and responsible and to contribute to delivering the plans they have drawn up. They may have new opportunities for learning and for working together, so increasing the organisational skills of the community for the future.

Involving many people in planning can be time-consuming and can cause confusion. The familiar ways of running meetings may need to be changed. Finding someone with the skills needed to manage large meetings and make sure that everybody can take part may help you.

#### 5.3a

##### **Purpose of this section**

This section explains some activities you can use in meetings to allow more people to contribute ideas. People with little previous experience of running meetings can use them, but social skills and some confidence with groups of people would be an advantage.

Involving the community needs to fit with the way a project is managed. It is pointless asking for people's contributions if a project does not intend to share control with the people involved and use their views. Project planning will still need to be logical, realistic and well thought through, otherwise the tools below will only add to confusion.

#### 5.3b

##### **Setting up a meeting**

Before a meeting begins, it is helpful to introduce everyone present and to try to create a friendly informal atmosphere. The leader of the meeting will need to explain why you are asking for people's views, and how the ideas will be used. They will also need to make sure that everyone has the information they need in order to contribute, such as what budget is available and what has



been agreed already. It is usually helpful if the leader of the meeting does not contribute their own opinions about the topics on the agenda, but concentrates on helping the group give its views.

The meeting should have a clear purpose which is explained to the group at the beginning. You need to use the following exercises to achieve this. A brainstorm is not a good activity in its own right – it is a good activity only if it is the best way of achieving the purpose of the meeting.

The meeting will need an agenda and a timetable. It can be difficult to keep to schedule and the meeting leader may need to be assertive with people who use a lot of the group's time, perhaps suggesting a separate one-to-one meeting for another date when there is time to hear everything they have to say. It is usually better to work with a small group of people on detailed decisions (such as whether to pay workers £5 or £6 a hour) and to work with a big group on matters of principle and direction (such as whether to use organic or non-organic methods).

The people at the meeting may not be used to this style of meeting. It can be helpful to explain each exercise before you begin. Some people are not comfortable to speak out in a big group, so try and use a range of activities and try not to put anyone on the spot. Be aware of people who have difficulty taking part because of poor hearing, poor vision, poor English, childcare needs and so on. If possible, help by providing hearing loops, using large lettering on flip charts and so on.

It is helpful to have a flip chart, or at least big sheets of paper stuck on the wall and big marker pens. You can use Post-it notes for writing notes which can later be moved or sorted into groups. Consider whether seats would be best placed in a circle or a square, around small tables or in some

other arrangement.

Afterwards, you may like to ask the group how well they felt able to take part, what helped and what they thought about how the meeting went. This may help the meeting leader to improve techniques for future meetings.

### 5.3c

#### The tools in meetings

##### Brainstorm

- Method: a question or topic is given to the group. Someone stands at the front where everyone can see them. Everyone quickly fires off ideas about the issue, which the person at the front writes on the board in a few words. Every idea is accepted, without judgement. The purpose of the exercise is to get people thinking, rather than to make proposals.
- Good for: creative new ideas.
- Good for: welcoming everyone's contribution (this could be at the beginning of a meeting as a warm-up to an issue, or when a change of pace is needed).
- Bad for: making decisions.

##### Example

At one of our first Food *futures* workshops, after introductions and a short talk about local food and the programme ahead, a brainstorm was held on the question 'Why do people in this area want more local food?' To begin with, only a few confident people spoke up. The meeting leader welcomed and wrote up all their ideas. More people chipped in and there were many replies, some of them heartfelt, others funny and absurd. The workshop continued after this enthusiastic beginning. The write-up of the brainstorm was

never published but the group referred back to it later when writing a report about the benefits of local food for their area.

#### **Discussions in pairs**

- Method: people are given questions to consider in pairs. They are usually asked to pair with somebody they do not know. The meeting leader may set aside a time for swapping over from one person to the other.
- Good for: shy people to voice their ideas.
- Good for: getting to know each other.
- Good for: making time for in-depth consideration.
- Good for: slowing the pace.
- Bad for: gathering the whole group's opinion on a topic.

#### **Example**

In a local food workshop, a large group discussion arose about rural and urban poverty. Some producers were talking about the effect of falling farm incomes and the loss of rural traditions such as hunting. Some left-wing community workers from a difficult estate said that people who owned hundreds of acres could not complain about poverty and a heated debate began with everyone talking at once.

The meeting leader broke the group up into pairs with mixed backgrounds. They were asked to listen to each other's views on the causes and effects of rural and urban poverty, and then report back to the whole group with a summary of their partner's views.

After that, the large group work was less simplistic and more thoughtful. Eventually, friendships were made and people began a project linking an urban food co-op with a failing vegetable farm.

#### **Dot voting**

- Method: options are written on the board. The options to choose from need to be carefully worded, and preferably arise from the work of the group. Everyone is given a number of stick-on dots, which they stick on their favourite ideas. Usually, more careful consideration is needed before an exact decision is made.
- Good for: quickly finding out people's opinions in big groups.
- Bad for: investigating complicated issues.
- Bad for: minority interests.

#### **Example**

At a local food strategy day, the group created a long list of possible areas of work. It was too much work for the group to do. The meeting leader helped the group sort the ideas into themes, such as health and nutrition, campaigning and technical advice. Everyone was given several dot votes and asked to vote on which areas they thought the group should prioritise. It was clear afterwards that two of the themes were not worth any more consideration, two were very important and two needed more discussion. This saved the group time.

#### **Open discussion**

- Method: prompted by open questions from the chairperson to the group, everyone discusses a topic. It can be helpful to set rules such as no interrupting, each person to speak no more than three times, or only one person to speak at once. It can help the group to listen to each other if the person writing things does so clearly with every point on the flip chart.

Open discussions tend to be used too much in big groups, leading to frustration and a lack

- of clear progress. It can be helpful to break into groups of four or five instead, and ask for a summary report from each group afterwards
- Good for: considering an issue and identifying some people's concerns.
  - Good for: creating a sense of belonging.
  - Good for: revealing people's strengths and weaknesses.
  - Bad for: making a decision.
  - Bad for: making progress with business.
  - Bad for: making time for most people to contribute.

#### **Go-round**

- Method: put the chairs in a circle. Everyone speaks in turn without being interrupted. People are given the option to pass. This exercise will take a long time in a large group, so it may be necessary to limit contributions to, for example, two minutes.
- Good for: working as a whole group.
- Good for: slowing the pace, encouraging listening and thoughtfulness, discussing and accepting opposing views.
- Bad for: doing business quickly.
- Bad for: people who are shy or less able to express their opinions.

#### **Presentation**

- Method: it is common to have outside 'experts' make a presentation. Consider instead inviting a member of the group to make a short presentation. They may need some support if they are not used to speaking in public, but no special skills are needed. Group members who may help by giving a presentation include people who repeatedly interrupt meetings with their favourite topic, people who are overlooked and

people with special knowledge.

- Good for: everyone getting to know the speaker.
- Good for: sharing information.
- Good for: helping the group feel able to deal with its own issues.

#### **Example**

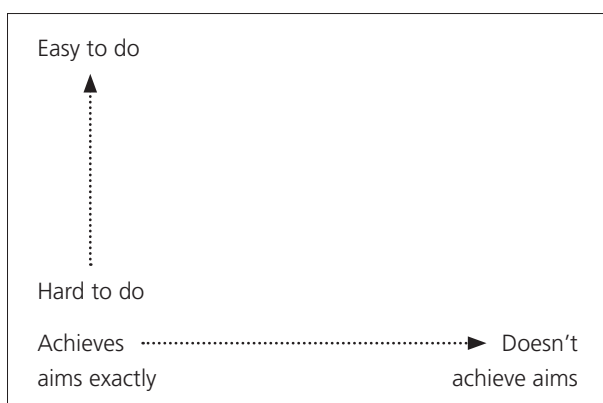
In one Food *utures* area, there were many people at each of the workshops who were concerned with urban community development and food poverty. Much of the discussion centred on how to get hold of good, affordable local food. Few people in the group knew about food production or business. A producer went to the workshops but rarely spoke out as the culture and content of the group discussion was different from his own. He wanted to grow vegetables for local people. Most people had not noticed that he was there. The workshop leader asked him to give a presentation about his farm and business. He was reluctant at first as he was not used to public speaking. He prepared some overheads using felt-tip pens, and talked through his presentation with the workshop leader before the next workshop. The other people really appreciated his presentation. After the workshop, he received an anonymous donation of £500 for his new enterprise. He became well liked and well known locally and went on to set up a project with the community development workers where his business supplied them with vegetables.

#### **Prioritising**

- Method: once the group has clearly identified its aims, it will need to decide what action to take to reach them. There are usually many possibilities and people sometimes propose projects that they feel passionately about. This exercise is designed to help the group choose the best actions.

# The most fruitful and open discussions often happen at the pub after the meeting is over.

Everyone writes suggestions about what to do on Post-it notes. They need to use large lettering. The chairperson takes them all, checks that everyone understands each idea, and gets the whole group to direct their position on the graph below. This is drawn out on a large piece of paper stuck on the wall (see below). The easy, effective suggestions are accepted.



- Good for: avoiding long arguments about what the group should do.
- Good for: involving everyone in deciding on the main actions and winning their support.
- Bad for: helping a group which does not have clear aims.

## Mapping

- Method: mapping is used for understanding and sharing ideas about a geographical issue. There are several mapping techniques, such as 'Planning for Real' and 'Parish Mapping', some of which come with ready-made kits. Mapping can be used to consider physical issues, such as where best to site new apple trees. It can also be used through art, to express ideas and feelings about a geographical place, or perhaps to make

a banner, a photo collage or a tapestry.

Groups can invent their own map-making methods to suit the problem they want to deal with. For planning to plant a community orchard, for example, the meeting leader may provide an outline of the site with fixed features such as rich soil, water taps and gates marked on it. Local people are invited to drop in during a particular afternoon, and put their ideas on the map. The meeting leader may provide model trees, swings, ponds and so on, which people put on the map depending on where they think they should be put. The meeting leader can also provide blank cards for different ideas.

## Example

Food *utures* aimed to improve and link local food systems for a geographical area. At each workshop, a map was provided of the area the project was to help. The map was used to collect information about existing local food activity. Small cardboard tags were provided. These were colour-coded for community projects, abattoirs, local food retail outlets, producers of local food and so on. The people who took part wrote the details of the local food activity they knew about on the back of the tag and stuck it on the map. This provided a snapshot of where there were concentrations of activity, where there were distribution problems and so on. Some areas went on to use the map to write local food directories.

## Down the pub

The most fruitful and open discussions often happen at the pub after the meeting is over. Most groups benefit from social activity – a picnic, harvest supper, a guided walk – whatever suits the people involved.



## 6 Further information



## 6.1 Organisations

### **Action with Communities in Rural England (ACRE)**

ACRE provides advice on rural issues and is the organisation that manages Rural Community Councils.

Somerford Court, Somerford Road,  
Gloucestershire GL7 1TW • Phone: 01285 653477  
Website: [www.acre.org.uk](http://www.acre.org.uk)

### **Biodynamic Agricultural Association (BDAA)**

The BDAA provides a membership service for everyone interested in learning about, working with, developing or supporting this unique form of organic husbandry.

Painswick Inn Project, Gloucester Street,  
Stroud, Gloucestershire GL5 1QG  
Phone: 01453 759501  
Email: [office@biodynamic.org.uk](mailto:office@biodynamic.org.uk)  
Website: [www.anth.org.uk/biodynamic](http://www.anth.org.uk/biodynamic)

### **Black Environment Network (BEN)**

The BEN promotes equal opportunities for ethnic communities in preserving, protecting and developing the environment.

1st Floor, 60 High Street, Llanberis,  
Wales LL55 4EU • Phone: 01286 870715  
Website: [www.ben-network.org.uk](http://www.ben-network.org.uk)

### **British Trust for Conservation Volunteers (BTCV)**

The BTCV promotes and creates volunteering opportunities for individuals and communities. Their aim is to carry out practical action to protect the environment.

36 St Mary's Street, Wallingford,  
Oxfordshire OX10 0EU • Phone: 01491 839766

Email: [information@bctcv.org.uk](mailto:information@bctcv.org.uk)

Website: [www.bctcv.org](http://www.bctcv.org)

### **Campaign to Protect Rural England (CPRE)**

The CPRE promotes the beauty, tranquillity and variety of rural England by encouraging land and other natural resources, in the town and country, to be used without damaging the environment. CPRE campaigns for more support for local food so that its wider benefits may be achieved.

128 Southwark Street, London SE1 0SW  
Phone: 020 7981 2800 • Email: [info@cpre.org.uk](mailto:info@cpre.org.uk)  
Website: [www.cpre.org.uk](http://www.cpre.org.uk)

### **Common Ground**

This can give information about 'local distinctiveness' and ideas to celebrate and explore it, including parish mapping.

Gold Hill House, 21 High Street, Shaftesbury,  
Dorset SP7 8JE • Phone: 01747 850 820  
Email: [info@commonground.org.uk](mailto:info@commonground.org.uk)  
Website: [www.commonground.org.uk](http://www.commonground.org.uk)

### **Community Composting Network (CCN)**

CCN provides advice and support to existing and would-be community composting projects across the UK.

67 Alexandra Road, Sheffield S2 3EE  
Phone: 0114 258 0483 • Email: [ccn@gn.apc.org](mailto:ccn@gn.apc.org)

### **Community Matters**

Community Matters is the nationwide federation for community associations and similar organisations, with over 1,000 member organisations across the UK. It provides useful information, including a book called *Community Start Up* by Caroline Pinder.

12–20 Baron Street, London N1 9LL  
Phone: 020 7837 7887  
Website: [www.communitymatters.org.uk](http://www.communitymatters.org.uk)

#### **Community Service Volunteers (CSV)**

CSV recruits volunteers for community projects.

237 Pentonville Road, London N1 6NJ  
Phone: 020 7278 6601 • Website: [www.csv.org.uk](http://www.csv.org.uk)

#### **Co-operatives<sup>UK</sup>**

They promote co-operative and mutual options, and work with their members to build a strong and successful co-operative movement. They provide a specialist legal registration service covering the full range of organisations in the sector.

Holyoake House, Hanover Street,  
Manchester M60 0AS • Phone: 0161 246 2900  
Email: [legal@cooperatives-uk.coop](mailto:legal@cooperatives-uk.coop)  
Website: [www.cooperatives-uk.coop](http://www.cooperatives-uk.coop)

#### **Countryside Agency**

The Countryside Agency works to make the quality of life better for people in the countryside and the quality of the countryside better for everyone.

John Dower House, Crescent Place,  
Cheltenham GL50 3RA • Phone: 01242 521381  
Website: [www.countryside.gov.uk](http://www.countryside.gov.uk)

#### **Development Trusts Association (DTA)**

The DTA is the community-based regeneration network. Its basic purpose is ‘to achieve a successful development trust in every community that wants one’. It is an independent membership organisation set up by development trusts.

2–8 Scrutton Street, London EC2A 4RT  
Phone: 0845 458 8336 • Website: [www.dta.org.uk](http://www.dta.org.uk)

#### **Directory of Social Change (DSC)**

DSC arranges training, conferences and publications for the community sector.

24 Stephenson Way, London NW1 2DP  
Phone: 0207 274 1839 • Website: [www.dsc.org.uk](http://www.dsc.org.uk)

#### **FARMA**

FARMA is a co-operative of farmers, producers selling on a local scale, and farmers’ market organisers. FARMA works throughout the UK representing direct sales to customers through farm shops, pick-your-own, farmers’ markets, home delivery, on-farm catering, and farm entertainment.

The Greenhouse, PO Box 575,  
Southampton SO15 7ZB • Phone: 0845 45884  
Email: [justask\\_at\\_farma.org.uk](mailto:justask_at_farma.org.uk)  
Website: [www.farma.org.uk](http://www.farma.org.uk)

#### **Financial Services Authority**

The Financial Services Authority is the independent regulator set up by the Government to look after the financial services industry and protect consumers. It provides a range of financial services and advice.

Phone: 0845 606 1234 • Website: [www.fsa.gov.uk](http://www.fsa.gov.uk)

#### **Farming and Wildlife Advisory Group (FWAG)**

The FWAG provides farmers, landowners and other clients with the best opportunity for environmental gain through cost-effective, quality solutions. It provides farmers and landowners with practical advice on making adjustments to farm operations and improving farm features to support wildlife, landscape, archaeology, access and other conservation issues.



National Agricultural Centre, Stoneleigh  
Kenilworth, Warwickshire CV8 2RX  
Phone: 02476 696 699 • Email: [info@fwag.org.uk](mailto:info@fwag.org.uk)  
Website: [www.fwag.org.uk](http://www.fwag.org.uk)

#### **Federation of City Farms and Community Gardens**

It promotes, supports and represents groups involved in community-led development of open space through locally managed farming and gardening.

The Greenhouse, Hereford Street, Bristol BS3 4NA  
Phone: 0117 923 1800  
Website: [www.farmgarden.org.uk](http://www.farmgarden.org.uk)

#### **Food Poverty Network**

The Food Poverty Network provides a forum, information, advice and a database for project workers, researchers and campaign groups tackling food poverty. They are developing a website to help community food projects achieve independence from grant funding through to social enterprise. The website will have information, guidance, and contact details for a range of support organisations.

Sustain, 94 White Lion Street, London N1 9PF  
Phone: 020 7837 1228  
Email: [sustain@sustainweb.org](mailto:sustain@sustainweb.org)

#### **Foundation for Local Food Initiatives (F3)**

F3 is a not-for-profit organisation providing consultancy services to the local food sector. It is made up of some of the leading UK professionals and practitioners in the local food economies and sustainable agriculture. Profits are reinvested to help develop the local food sector.

PO Box 1234, Bristol BS99 2PG  
Phone: 0845 458 9525  
Website: [www.localfood.org.uk](http://www.localfood.org.uk)

#### **Henry Doubleday Research Association (HDRA)**

The HDRA is dedicated to researching and promoting organic gardening, farming and food.

Ryton Organic Gardens, Coventry CV8 3LG  
Phone: 024 7630 3517 • Website: [www.hdra.org.uk](http://www.hdra.org.uk)

#### **Local authorities**

Local authorities may offer help through community development or economic regeneration offices.

#### **Lantra**

Lantra provides a focus for developing skills, knowledge and enterprise for everyone involved in the land-based sector.

Lantra House, National Agricultural Centre,  
Kenilworth, Warwickshire CV8 2LG  
Phone: 024 7669 6996 • Website: [www.lantra.co.uk](http://www.lantra.co.uk)  
Email: [connect@lantra.co.uk](mailto:connect@lantra.co.uk)

#### **Linking Environment And Farming (LEAF)**

LEAF is a charity helping farmers improve their environment and business performance, and create a better public understanding of farming through a nationwide network of demonstration farms.

National Agricultural Centre, Stoneleigh,  
Warwickshire CV8 2RX • Phone: 02476 413911  
Email: [enquiries@leafuk.org](mailto:enquiries@leafuk.org)  
Website: [www.leafuk.org](http://www.leafuk.org)

#### **National Association for Volunteer Bureaux (NAVb) and National Council for Voluntary Organisations (NCVO)**

Regents Wharf, 8 All Saints Street, London N1 9RL  
Phone: 0845 305 6979 • Phone: 020 7713 6161  
Website: [www.navb.org.uk](http://www.navb.org.uk)  
Website: [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

### **National Federation of Women's Institutes**

The Women's Institute educates women so that they can provide an effective role in the community, to expand their horizons and to develop and pass on important skills.

104 New Kings Road, London SW6 4LY  
Phone: 020 7371 9300 • Email: [hq@nfwi.org.uk](mailto:hq@nfwi.org.uk)  
Website: [www.womens-institute.org.uk](http://www.womens-institute.org.uk)

### **National Rural Enterprise Centre**

The National Rural Enterprise Centre is part of the Royal Agricultural Society of England and promotes a living and working countryside, finding new ways to help rural communities improve and strengthen their local economies.

Stoneleigh Park, Kenilworth, Warwickshire CV8 2RR  
Phone: 0845 1300 411 • Email: [nrec@ruralnet.org.uk](mailto:nrec@ruralnet.org.uk)  
Website: [www.nrec.org.uk](http://www.nrec.org.uk)

### **Neighbourhood Initiatives Foundation**

This provides a mapping and community planning process called Planning for Real.

The Poplars, Lightmoor, Telford TF4 3QN  
Phone: 0870 7700339  
Website: [www.nifonline.org.uk](http://www.nifonline.org.uk)

### **The Plunkett Foundation**

An educational charity and leading think-tank on rural social enterprise and agricultural co-operation. They have an extensive library and information centre and have produced a useful guide, *Organisational Structures for Rural Social Enterprises*.

The Quadrangle, Woodstock,  
Oxfordshire OX20 1LH  
Phone: 01993 810730 • Email [info@plunkett.co.uk](mailto:info@plunkett.co.uk)  
Website: [www.plunkett.co.uk](http://www.plunkett.co.uk)

### **Scottish Community Diet Project (SCDP)**

The SCDP promotes dietary initiatives within low-income communities. Based on learning from supporting community food initiatives in Scotland and Scottish policy to develop the social economy, the SCDP has put together a toolkit called *Minding Their Own Business* for initiatives who would like to explore a more business-like approach to tackling access to food. The toolkit will be free to groups in Scotland and can be downloaded from their website.

Scottish Consumer Council, Royal Exchange House,  
100 Queen Street, Glasgow G1 3DN  
Phone: 0141 226 5261  
Email: [scdp@scotconsumer.org.uk](mailto:scdp@scotconsumer.org.uk)  
Website: [www.dietproject.org.uk](http://www.dietproject.org.uk)

### **Slow Food**

Slow Food is an international association that promotes food and wine culture, defending the variety of farming and food production worldwide.

Phone: 0800 917 1232 • Website: [www.slowfood.com](http://www.slowfood.com)

### **Soil Association**

The Soil Association is one of the UK's most respected environmental charities, dedicated to bringing about change by creating a growing body of public opinion that understands how the health of the soil, plants, animals, humans and the wider environment link together. Set up in 1946, the Soil Association is the UK's leading organisation for promoting organic food and farming.

Bristol House, 40–56 Victoria Street,  
Bristol BS1 6BY • Phone: 0117 314 5000  
Email [info@soilassociation.org](mailto:info@soilassociation.org)  
Website: [www.soilassociation.org](http://www.soilassociation.org)

### **Sustain**

Sustain (the alliance for better food and farming) promotes food and agriculture policies and practices that improve the health and welfare of people and animals, improve the working and living environment, enrich society and culture and promote equal opportunities. Also see the Food Poverty Network.

94 White Lion Street, London N1 9PF  
Phone: 20 7837 1228  
Website: [www.sustainweb.org](http://www.sustainweb.org)

### **Thrive**

Thrive is the national horticultural charity that helps disadvantaged, disabled and elderly people to take part fully in the social and economic life of the community.

The Geoffrey Udall Centre, Beech Hill,  
Reading RG7 2AT • Phone: 0118 988 5688  
Website: [www.thrive.org.uk](http://www.thrive.org.uk)

### **WI Country Markets Ltd**

WI Markets are local co-operatives run by shareholders throughout England, Wales and the Channel Islands. Originally set up by the Women's Institute in response to a request by the British Ministry of Food in 1919, they have grown to become a national institution.

183A Oxford Road, Reading RG1 7XA  
Phone: 0118 939 4646  
Website: [www.wimarkets.co.uk](http://www.wimarkets.co.uk)

### **Women's Environmental Network (WEN)**

A national charity and membership organisation which campaigns on environmental and health issues from a woman's perspective. WEN also has information on how to grow organic food.

PO Box 30626, London E1 1TZ

Phone: 020 7481 9004 • Email: [food@wen.org.uk](mailto:food@wen.org.uk)  
Website: [www.wen.org.uk/local\\_food](http://www.wen.org.uk/local_food)

### **Women's Food and Farming Union (WFU)**

A voluntary organisation promoting an understanding of and confidence in all aspects of quality British produce. The WFU believes that by representing the best interests of consumers and producers, both the health and economy of the nation will benefit.

National Agricultural Centre,  
Stoneleigh Park Warwickshire CV8 2LZ  
Phone: 01203 693171 • Email: [admin@wfu.org.uk](mailto:admin@wfu.org.uk)  
Website: [www.wfu.org.uk](http://www.wfu.org.uk)

### **Women in Rural Enterprise (WiRE)**

WiRE is a networking and business club set up to help women start and maintain their own rural enterprise.

Harper Adams University College,  
Freepost TF334, Edgmond, Newport,  
Shropshire TF10 8NB  
Phone: 01952 815338 • Email: [wire@wireuk.org](mailto:wire@wireuk.org)  
Website: [www.wireuk.org](http://www.wireuk.org)

### **World Wide Opportunities on Organic Farms (WWOOF)**

WWOOF provides opportunities for people to work voluntarily on organic farms, through a network of member farms and regional organisers, benefiting both farmers, who have a useful source of labour, and the volunteers themselves, who gain much from their experience.

PO Box 2675, Lewes, East Sussex BN7 1RB  
Phone: 01273 476 286 • Website: [www.wwoof.org](http://www.wwoof.org)

## 6.2 Books and sources

- Co-operatives<sup>UK</sup>, *Delivering Employee and Community Buyouts – A guide to the succession process (a technical guide for development workers and business advisers)*, Co-operatives<sup>UK</sup>, 2003
- E Henderson and R van En, *Sharing the Harvest – A guide to community-supported agriculture*, Chelsea Green Publishing Company, Devon, 1999
- S Kaner, *Facilitator's Guide to Participatory Decision-Making*, New Society Publishers, USA (ISBN 0 86571 347 2)
- A Moote, *Partnership Handbook – A resource guidebook for local, community-based groups addressing natural resource, land use, or environmental issues*, University of Arizona, 1995
- T Nash (editor), *Director's Guide to Management Buyouts*, Director Publications Ltd, London, 1993
- C Pinder, *Community Start Up – How to start a community group and keep it going*, National Extension College and Community Matters (ISBN 1 85356 598 9)
- Plunkett Foundation, *Organisational Structures for Rural Social Enterprises – A resource guide for development advisers*, Plunkett Foundation, Oxford, 2004
- Plunkett Foundation and Department of Trade and Industry, *Ownership Options for Local Authority Services – A guide for policy makers*. Plunkett Foundation and Department of Trade and Industry, Oxford and London, 1993
- Social Enterprise Coalition, *There's More to Business Than You Think – A guide to social enterprise*, Social Enterprise Coalition, London, 2003
- Soil Association, *Local Food for Local People – A practical guide to developing sustainable local food economies*, Soil Association, Bristol, 1998 (ISBN 0905 200 640)

- Soil Association, *Setting Up an Organic Box Scheme – A comprehensive guide for growers setting up a box scheme*, Soil Association, Bristol, 2001

## 6.3 Websites

- [www.soilassociation.org/localfood](http://www.soilassociation.org/localfood)  
The Soil Association local food website, for in-depth information on the local food sector.
- [www.cooperatives-uk.coop](http://www.cooperatives-uk.coop)  
Contact information for co-operative development organisations across the UK that can provide advice, information and support services.
- <http://ctb.ku.edu>  
Community toolbox including 'how to' tools. These tools use simple, friendly language to explain how to do the different tasks necessary for community health and development. For example, there are sections on leadership, strategic planning, community assessment and evaluation.
- [www.foodpovertyprojects.org.uk](http://www.foodpovertyprojects.org.uk)  
The Health Development Agency with Sustain has produced a database of community food projects.
- [www.plunkett.co.uk](http://www.plunkett.co.uk)  
The Plunkett Foundation
- [www.acre.org.uk/rcclinks.htm](http://www.acre.org.uk/rcclinks.htm)  
Rural Community Councils website. Some work as advisors on rural social enterprise.



# Acknowledgements



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**Soil Association**



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## **Soil Association**

We are an independent membership charity and one of the UK's most respected environmental groups. We play an important role in changing attitudes towards food and farming in the UK and internationally, by promoting and supporting organic and local food and farming as an alternative to intensive agriculture.

Working with the public, farmers, food processors, retailers and policy-makers, we aim to bring about change by highlighting the relationship between a healthy, living soil and the wellbeing of plants, animals, people and the environment.

## **Plunkett Foundation**

The Plunkett Foundation supports economic self-help as an effective way of meeting the needs of rural communities. They have supported the growth and development of farmer-controlled businesses for over 80 years. Lately, they have also been helping rural communities to set up and run enterprises that provide them with essential services.

## **Co-operatives<sup>UK</sup>**

As the organisation for co-operative enterprise in the UK, they promote co-operative and mutual options and work with their members to build a strong and successful co-operative movement.

## **Co-operatives Action**

Co-operative Action, funded by co-operative societies, provides grants and loans to:

- promote, support and develop co-operative solutions and co-operative enterprises;
- expand the co-operative movement; and
- promote the co-operative movement and show that it is relevant in the UK today.



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