

Legal and Organisational Structures

*A guide to good start-up governance for
Community Supported Agriculture projects*

Mark Simmonds

*Field Officer – Good Food, Good Governance
Making Local Food Work Project*

*www.makinglocalfoodwork.co.uk
www.cooperatives-uk.coop*



Outcomes



- Understand the difference between your organisation type and your legal form
- Have a knowledge of the different ways other CSA projects have structured themselves
- Know the questions to answer and the issues to address to enable you to choose your own structure
- Know where to go next

Legal and Organisational Form



Legal form – How the law regards you

Examples of legal forms:

- Unincorporated Association
- Company Limited by Guarantee
- Community Interest Company

Organisational type – How you regard yourself

Example of organisational type:

- Community Supported Agriculture Scheme
- Co-operative
- Farmers' Market
- Social Enterprise

Typical Legal Forms used by CSAs

Unincorporated

- Association

Incorporated

- Industrial and Provident Society (Society for the Benefit of the Community)
- Industrial and Provident Society (Bona fide co-operative)

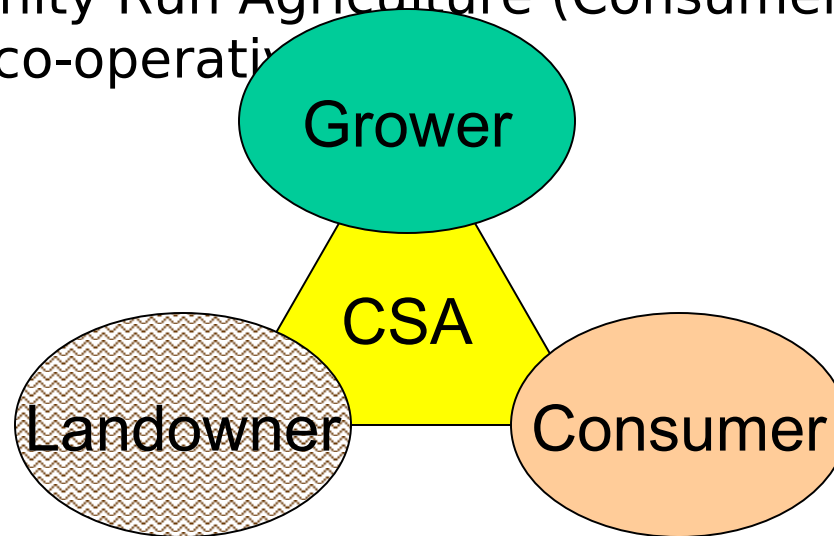
- Company Limited by Shares - CLS
- Company Limited by Guarantee - CLG

- Community Interest Company - CIC

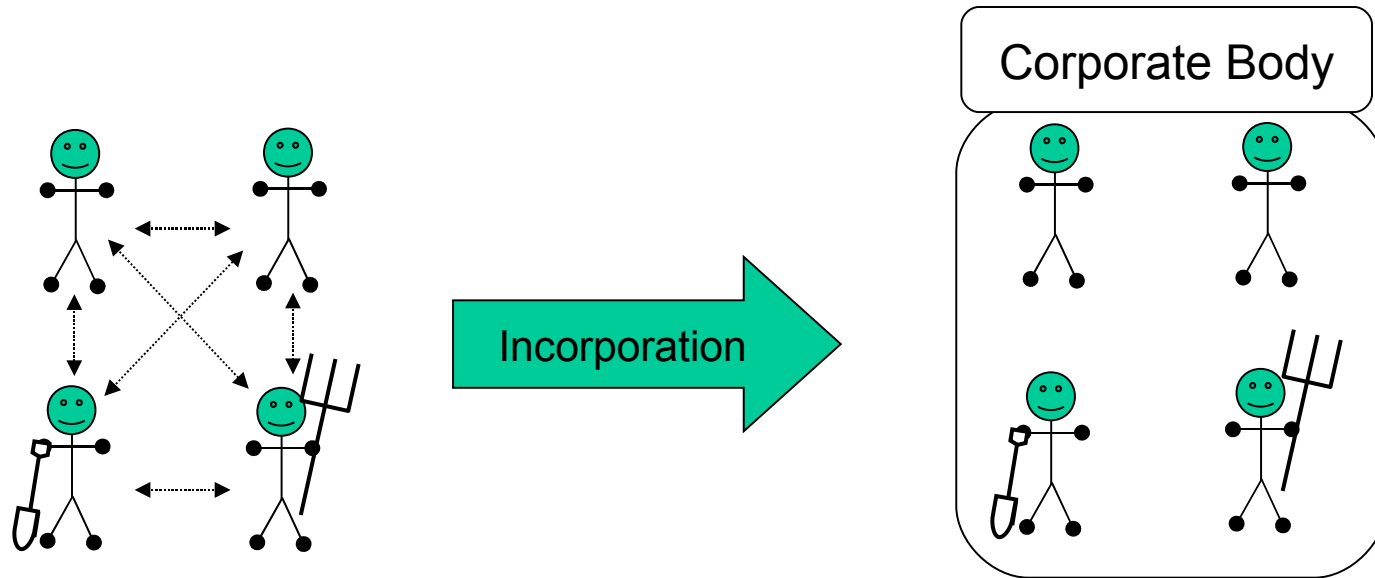
Range of Organisational types used by CSA



- Subscription (Farmer driven)
- Shareholder (Consumer driven – consumer co-operative)
- Farmer/producer co-operative (Farmer driven)
- Farmer-consumer co-operative (multi-stakeholder)
- Community Run Agriculture (Consumer=Grower – worker co-operative)



Incorporation



*Creates a separate legal identity from the membership,
the “corporate body”*

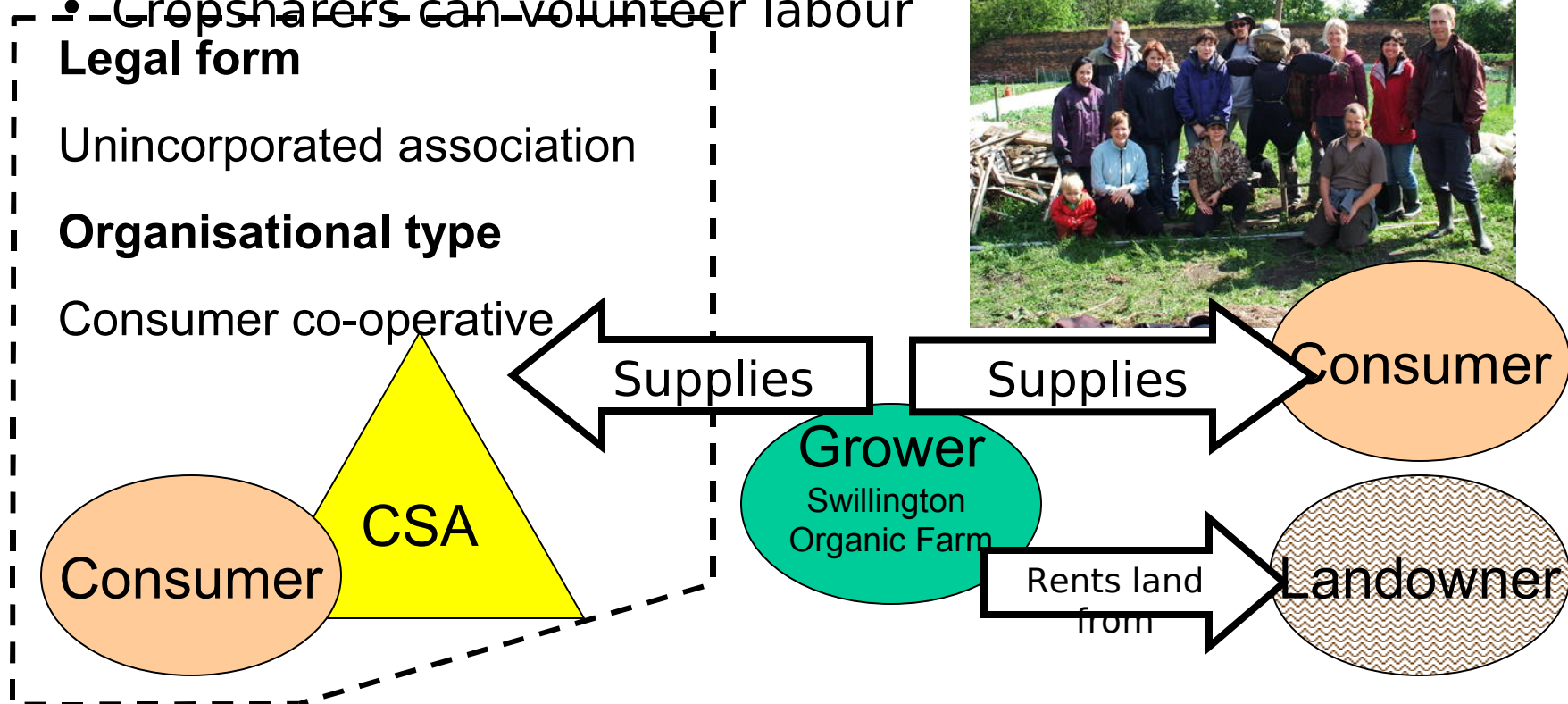
Incorporation

- ☺ Limited Liability
- ☺ Credibility
- ☺ Organisation can own property in its own right
- ☺ Organisation can enter into contracts

- ☹ Cost
- ☹ Administrative burden
- ☹ Penalties for poor administration
- ☹ Loss of privacy

Unincorporated Association - Swillington

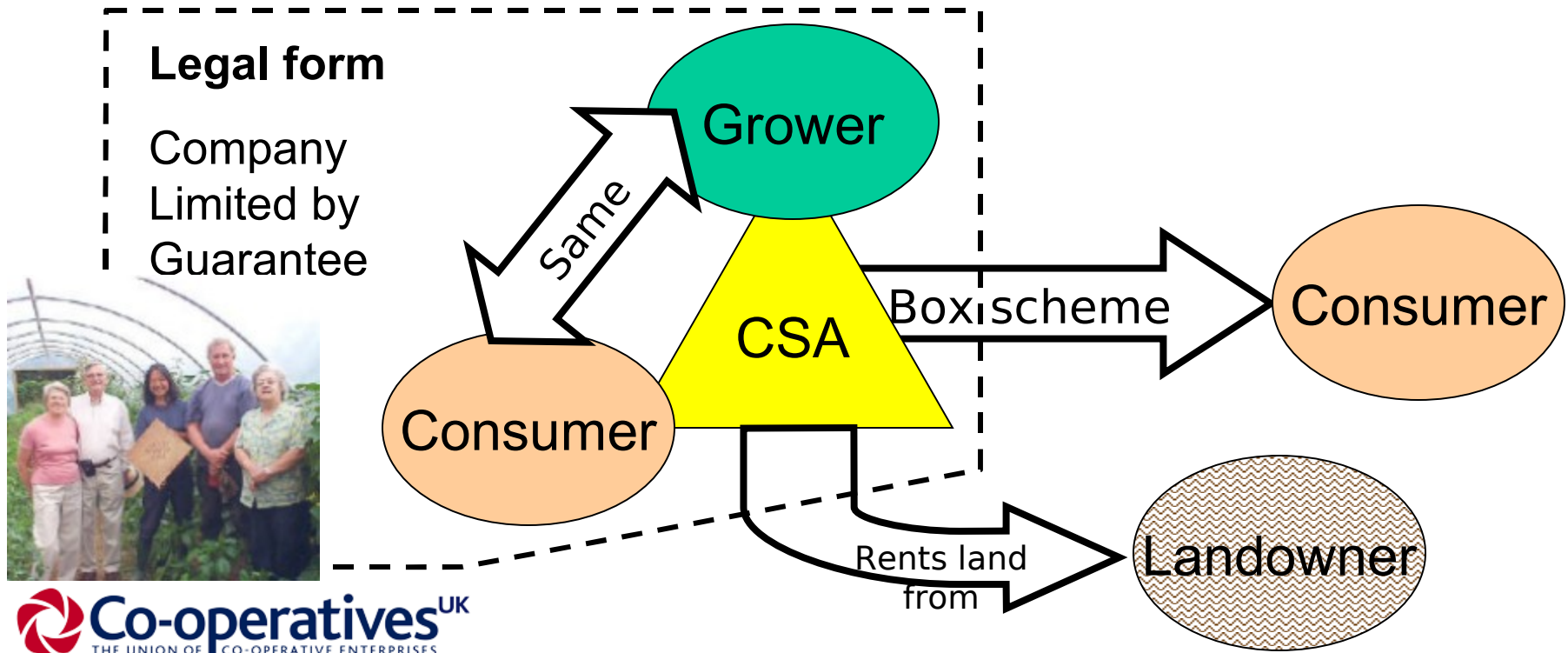
- The grower supplies the member based CSA box scheme
- The grower is incorporated as they have the risk
- ~~Cropsharers can volunteer labour~~



Company Limited by Guarantee - Green Patch, Kettering



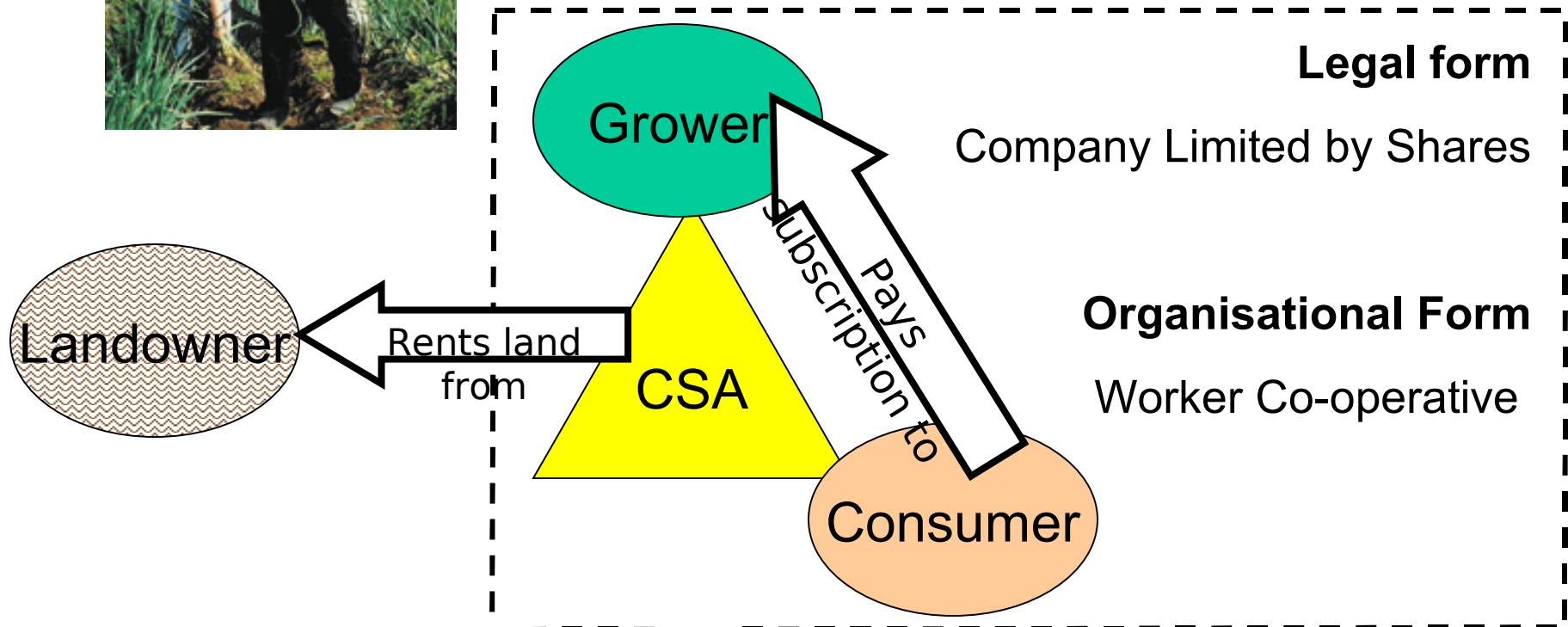
- The grower is the consumer (although there are other consumers)
- Dedicated worker
- CSA rents the land from council (ex allotments)



Company Limited by Shares – Earthshare



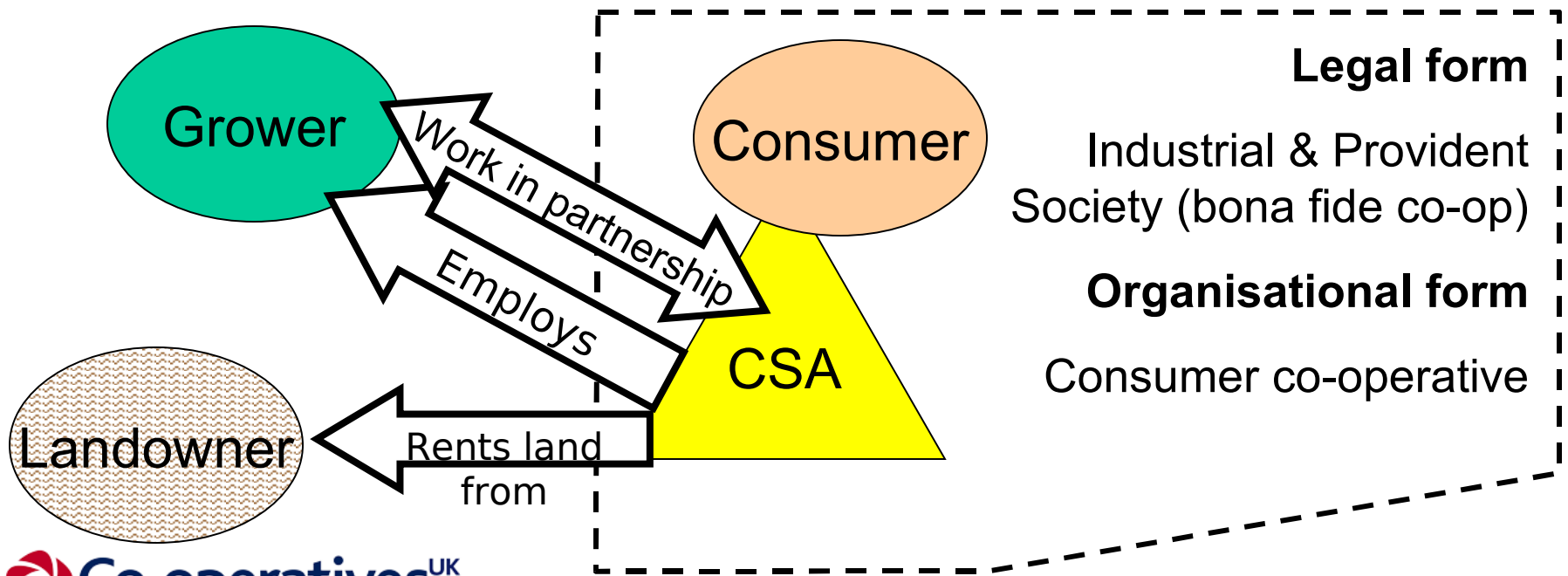
- Grower controlled
- Opportunity for workshare
- Reconsidering legal form
- Cannot sell shares to the public



IPS bona fide co-op - Stroud Community Agriculture



- Consumer has all of risk and most of responsibility
- Grower is an employee of the CSA
- CSA rents the land
- Could raise money by community share issue



IPS Society for the benefit of the community - Fordhall Farm



- Consumer has all of risk and most of responsibility
- Grower is a tenant of the CSA
- Members are not necessarily consumers
- Assets are locked for public benefit



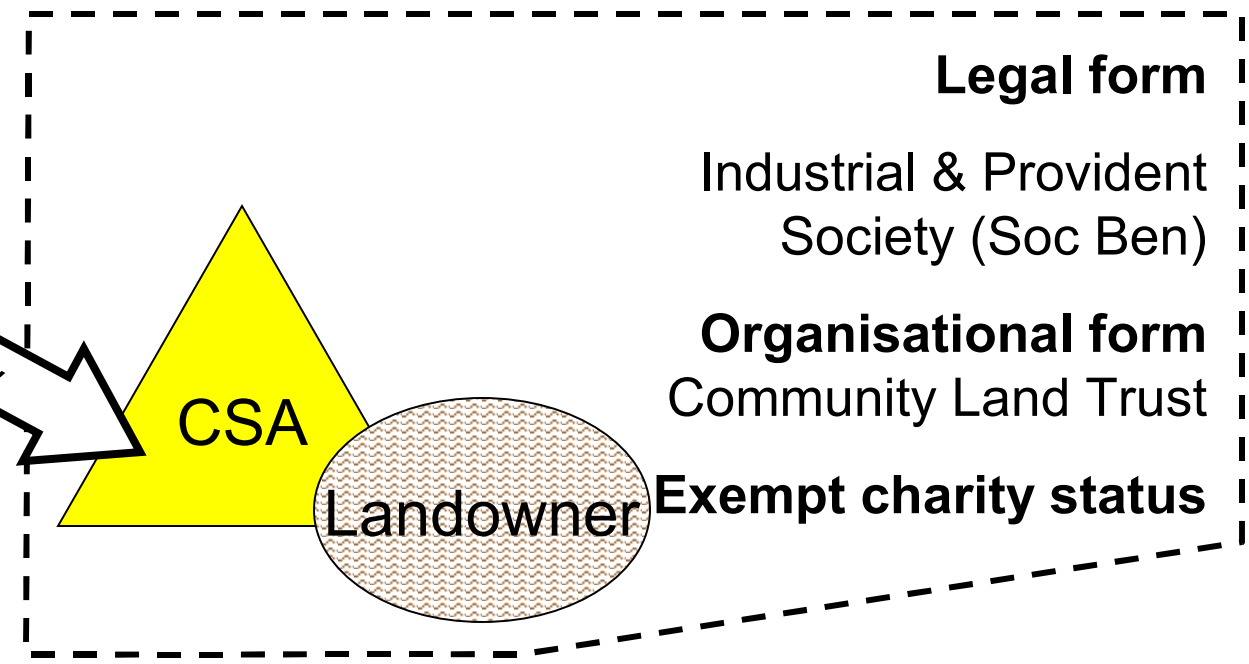
Grower

Consumer

Tenancy

CSA

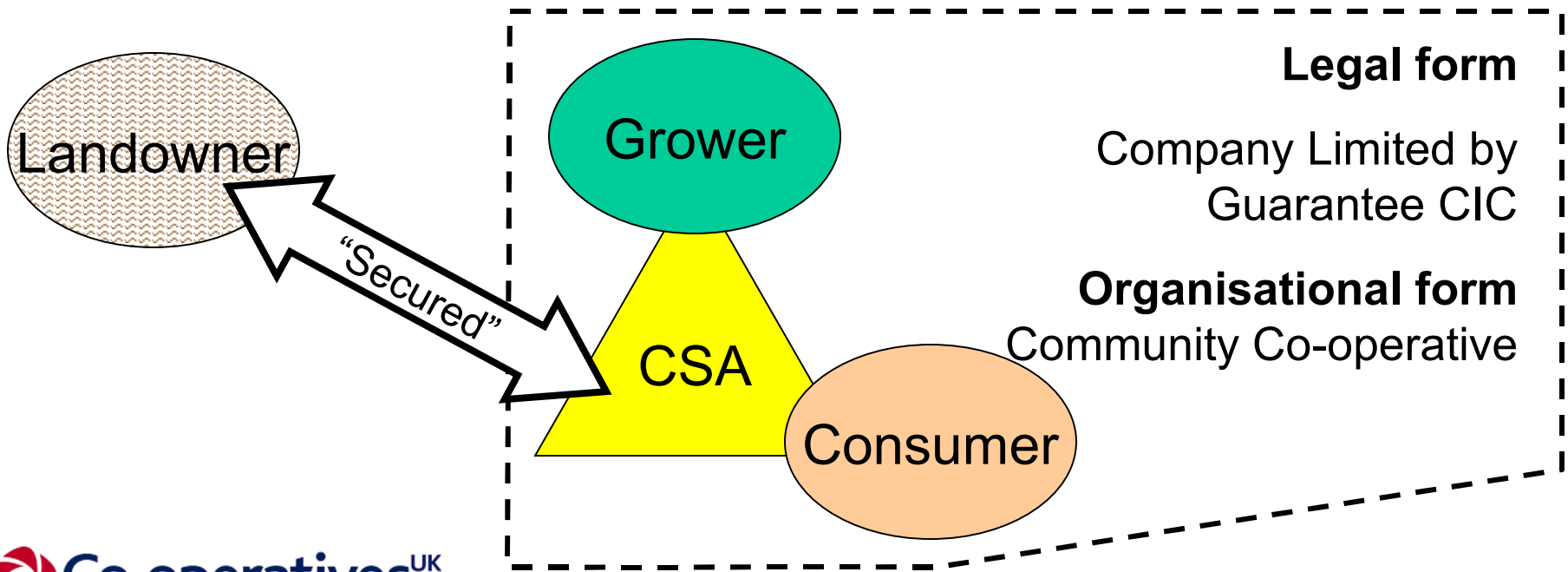
Landowner



Community Interest Company (CIC) – Weardale CSA

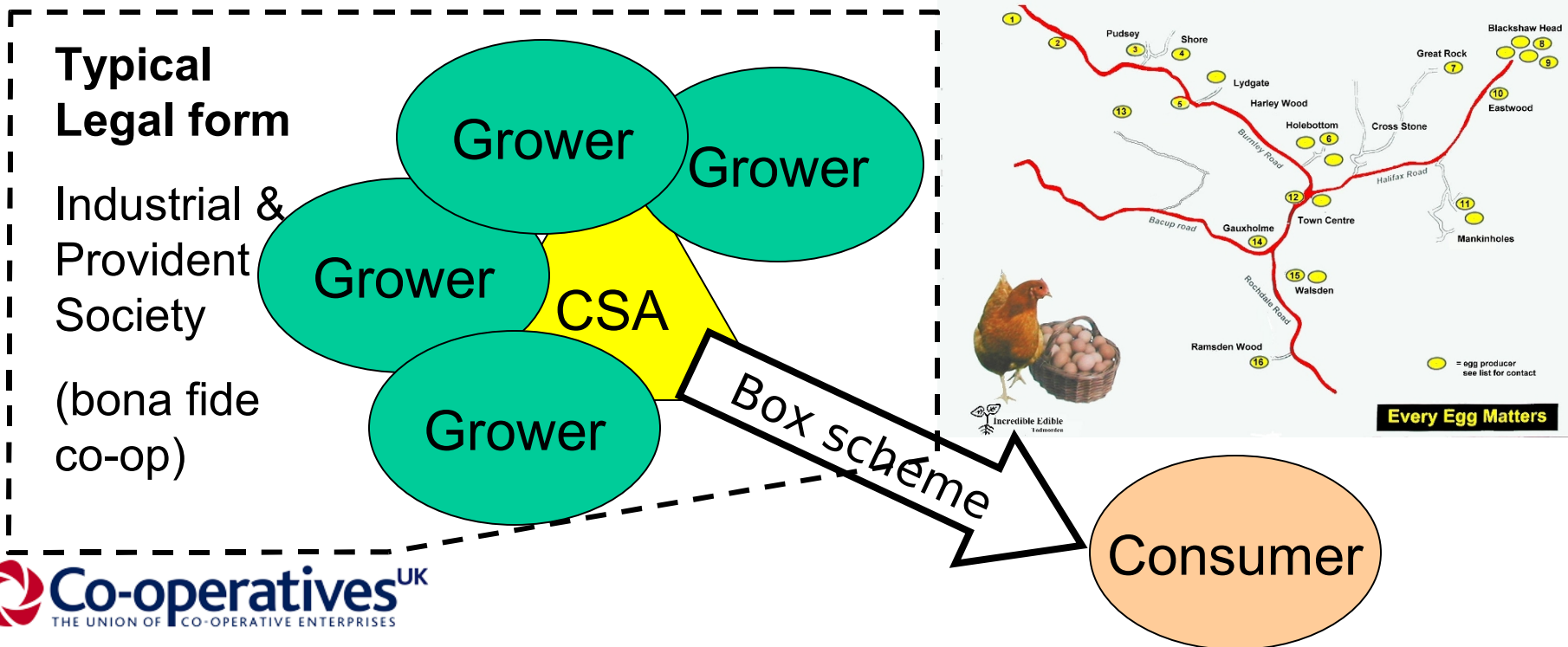


- Have to demonstrate community benefit
- Members are Consumers and volunteer Growers
- Assets are locked for public benefit
- Originally a Company Limited by Shares



Farmer co-operative (Farmer driven)

- Co-operation between growers/producers
- Different growers specialise to increase choice
- May or may not incorporate
- More common in Japan and USA
- UK has many non-CSA agricultural co-operatives



Take home message

You know what you want to do

You have a good idea of how you want to achieve

Your organisation and legal form are the tools you can use to get the job done in the most efficient and risk averse way.

The choice of organisational and legal form are critical for the long term sustainability of your organisation.

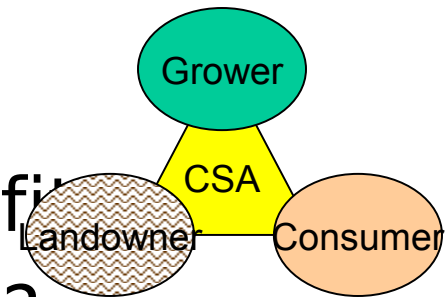


Your structure – good start-up governance



First consider as a group or delegate to steering group:

- Exactly what is it you want to achieve?
- Why you want to achieve it (your ethos)?
- How you will be funded?
- What will you do with any profit?
- Who will be involved and how?
- Assets and ownership
- Future membership and wind-up



Then seek professional advice

Links to CSA examples



Earthshare CSA

- <http://www.caledonia.org.uk/socialland/earthsha.htm#Structure%20and%20Principles>
- <http://www.earthshare.co.uk/>

Fordhall Farm CSA

- <http://www.fordhallfarm.com/>

Stroud Community Agriculture CSA

- <http://www.stroudcommunityagriculture.org/>

Kettering Green Patch CSA

- http://www.kettering.gov.uk/site/scripts/documents_info.php?documentID=208&pageNumber=7

Weardale CSA CIC

- <http://www.weardalecsa.org/>

Incredible Edible Todmorden

- <http://www.incredible-edible-todmorden.co.uk/>

See also Soil Association CSA resources

- <http://www.soilassociation.org/web/sa/psweb.nsf/A3/index>

Contact details



Mark Simmonds

Field Officer – Good Food, Good Governance

Making Local Food Work Project

- Advice on legal structure and start-up governance
- Advice on governance, meetings and decision making etc.
- Governance audit
- Training on legal structures and governance
- Model rules and registration of legal forms

mlfw@cooperatives-uk.coop

0161 246 2907

0788 584 3752

www.makinglocalfoodwork.co.uk

www.cooperatives-uk.coop