Co-operative and Community Ownership

It’s Place in the New Food Economy

Plunkett Foundation, Mike Perry and Jennifer Smith
Riverford Organic, Guy Watson
Today’s Session

Objective of Session
Explore co-operatives & community-owned enterprises within the food sector—warts and all!

Structure
Overview of community food enterprises: 20 minutes
  characteristics, motivations, stats, trends
Perspective from Guy Watson: 20 minutes
  Community ownership and Riverford Organics
Open Discussion: 45 minutes

Speakers
Mike Perry, Head of Communication at Plunkett Foundation
Guy Watson, Founder of Riverford Organics
Jennifer Smith, Head of Operations at Plunkett Foundation
Co-operatives worldwide

1 billion members

1 million co-operatives

Secure livelihoods for 3 billion people

100m employees

Largest 300 co-operatives equivalent to the 9th largest national economy
The new co-operative economy
Why co-operation?

“What one can’t, many can.”
Horace’s co-operative approach

- Economic change is the best way to secure social change
- We have to inspire communities that co-operation can help solve their problems
- Developing co-operatives is a team activity
- The role of the state is to support not to do
- Keeping a co-op rooted in its community is the greatest and most important challenge
- See every aspect of rural development as being connected
Total UK annual consumer spend on food and non-alcoholic beverages in 2010:

£84 bn**

Of this 93% was spent in supermarkets (multiples) and 2.7% (About £2.3bn) with independent retailers

In 2012, a conservative estimate of the economic value of the community food sector: £150 million
Defining Community Food Sector

Social Enterprises run by their community for their own benefit

Primarily involved in at least one part of growing, harvesting, processing, distributing, selling, serving or disposal of waste food.
Motivations within the sector: 3 categories

1. Initiatives aimed at creating an ethical alternative to the dominant food industry

2. Initiatives aimed at defending local economies and livelihoods

3. Initiatives aimed at using food as a vehicle to achieve other purposes
   - Education
   - Nutrition and Cookery
   - Vocational Training
   - Community Cohesion
Objective: to understand the economic value of the sector
Research undertaken in 2012
Telephone interviews undertaken from a representative sample of 325 community food enterprises

<table>
<thead>
<tr>
<th>Sub sector</th>
<th>No.</th>
<th>%</th>
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<tbody>
<tr>
<td>Community-owned shops</td>
<td>60</td>
<td>18%</td>
</tr>
<tr>
<td>CSA</td>
<td>55</td>
<td>17%</td>
</tr>
<tr>
<td>Country market societies</td>
<td>45</td>
<td>14%</td>
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<tr>
<td>Collaborative farmers’ market organisations</td>
<td>43</td>
<td>13%</td>
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<tr>
<td>Food co-op/buying groups</td>
<td>42</td>
<td>13%</td>
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<tr>
<td>Education/training providers, including City Farms</td>
<td>25</td>
<td>8%</td>
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<tr>
<td>Food hubs and distribution</td>
<td>19</td>
<td>6%</td>
</tr>
<tr>
<td>Community cafes</td>
<td>17</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>19</td>
<td>6%</td>
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</table>
52% of sector have been trading for 5 years or less
45% have a turnover of less than £20,000 per year

19% have a turnover of less than £5,000
The estimated combined turnover of the community food sector is £77 million.

80% of this comes from community shop and food coop sub-sectors.
The **wider impact**: it is estimated that an average farmers market has a value of **£100,000 per year for its stallholders**.

Therefore, value of collaborative farmers markets to stall holders is around **£21 million** per year.
The vital role of volunteers
Local Impact:
46% of respondents use only local suppliers.
Chart 25: Factors restricting growth

- Lack of consumer demand: 28%
- Lack of suitable premise/land: 28%
- Lack of investment: 27%
- Lack of suitable staff/volunteers: 26%
- Local competition: 13%
- Size of premises: 8%
- Economic climate: 5%
- Restricted customer base: 4%
- Supply issues: 3%
- Staff capacity (inc volunteers): 3%
- Not enough customers/lack of awareness of outlet: 2%
- Location: 1%
- Marketing: 2%
- Don’t know/No answer: 2%
- None: 1%
- Not planning to grow: 7%
- Other: 12%
Financing Co-operatives and Community-Owned Businesses

Traditional forms of finance like grant and loans

Community Shares

• Community investment through community shares
• Industrial and Provident Societies
• Community-owned shops – average of £55k per share issue
• Co-operative pub has raised £250k
• Fordhall Farm c£500k
• Cultivate c£80k

Public Works Loans
Lessons Learned on Making Local Food Work

1. Balancing Objectives
2. The role of volunteers
3. Tricky business of Distribution
4. Supply of Local Food
5. Importance of Networks
6. Value of sector specific advice
7. Finance and investment
Thank you

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