



A better deal for local food

Stroudco case study

- Community Interest Company
- Unique legal form – co-op made up of producer and consumer members
- Management committee elected from members
- Established 2008
- Location – Stroud, Gloucestershire

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Background

Stroudco is a democratically owned and run enterprise to trade local food equitably and build community. It uses a web based ordering system and a school hall as a drop off point and is staffed by volunteers and a part time worker, who is paid from a percentage of the turnover.

As far as we know the Stroudco model for a local food co-op/hub has not been tried before. Stroudco has been set up as a Community Interest Company (CIC) without shareholding. Stroudco is jointly owned by producer and consumer members which encourages them to talk to each other and sort out any differences and find ways of working that suit them both in the long term.

We adapted the CIC memorandum and Articles to make sure we had a democratic structure and a balance of power between producer and consumer members even though there are more consumers than producers.

History

StroudCo started with a public meeting in Stroud on 31st October 2006.

The two friends who started the group describe themselves as 'activists' wanting to change the food system from the bottom up. Both of them were very involved in setting up Stroud Community Agriculture (a Community Supported Agriculture enterprise) and the learning they gained from this experience gave them the confidence and inspiration to set up Stroudco.

The idea emerged from their search for a new model to enable community controlled, democratic, ethical local food trade. The founders are keen to;

- see affordable local food available to ordinary people,
- build trusting relationships,
- provide a practical and friendly supply chain for small scale and family food enterprises,
- prepare for 'Peak Oil' and to develop a model that enables producers and consumers to work for mutual benefit.

They want to see a 'middleman' operating for principle not for profit which is a driver for environmental and social benefit. They want to experiment with a new model and if it works, to encourage others to replicate it elsewhere.

How it works

Principles

- Provide affordable, locally-produced food to people in Stroud
- Give producer members access to a local market at higher than wholesale prices.
- Build supportive and understanding links between producers and consumers
- Develop food culture and community strength

Aims

In providing local produce to local people, Stroudco aims to :

- Increase access to and availability of local products for all
- Work towards environmental benefit and reduce use of fossil fuels
- Reduce food miles
- Support farms which practice good animal welfare
- Increase social, environmental and economic sustainability
- Enable community building and develop food culture
- Provide practical experience and learning for members, including farm experience
- Enable people to understand how food is produced and supplied
- Encourage sharing and co-operation - and consensus seeking
- Enable people to work together democratically to be responsible for and participate in their food system
- Reduce trading through global companies by providing a local alternative
- Increase understanding of and support for the local economy and build supportive links between producers and consumers
- Co-operate with similar enterprises
- Be transparent in all its affairs
- Work on fair terms and fair prices for consumers and producers
- Provide experiences that will enable new ways of thinking, new knowledge, new skills and new ways of working for all participants.
- Enable a more capable community.

Structure

The food Hub has producer members based within 15 miles of Stroud who commit to;

- Supply food for sale at lower than retail prices
- Give 8% of what they sell through Stroudco to Stroudco for running costs, the most significant of which is the workers' wage.
- Hold an annual event inviting consumer members to help with their work, picking fruit, haymaking, fencing, farm open day, camping, host a bring and share meal, etc
- Provide a service to other producer members such as shared deliveries, loan of equipment, loan of labour, etc. Offers to have a roughly equivalent financial value.

The Hub has 200 consumer members who

- Pay membership of £24 per year (£12 concessions)
- Build up to buying an average of £24 of food and drink per month through the Hub within 3 years.
- Contribute at least 2 hours of voluntary work per year such as food packing, farm labour, administration.

Governance

The co-op which makes up Stroudco has 2 kinds of members – producers and consumers.

Small producers need a flexible, low cost, predictable, hassle free mechanism for marketing and distributing their produce as it becomes available. Consumers want affordable and convenient local food, and some connection to the local farmland and farmers that produce it.

The hub started with 8 producer members and 20 consumer members for initial trial trades, but hopes to rapidly grow to include 15-20 producers and up to 200 consumer households. Expansion may in the

future be through other drop off points, or sister hubs. There is already interest in copying the idea elsewhere which Stroudco is keen to support.

Restrictions to membership

There are restrictions on producer membership. Criteria have been drawn up by founding members and will be reviewed by the management board. These include strict animal welfare standards but do not require producers to use organic production methods. See our criteria for producer eligibility. All producers are required to provide detailed descriptions and photos of their growing/production set up.

Anyone may join as a consumer member. Stroudco will particularly work to ensure that the services are accessible to households near to Parliament School, where there are higher than average levels of deprivation.

How are decisions made?

The day to day running of the hub is done by an employed administrator. The overall management and direction is controlled by a board elected from the members. The board is made up of 50% producer members and 50% consumer members. They each have one vote. All members elect both types of board member. The board makes decisions by consensus where possible; otherwise each board member has one vote. The paid administrator attends board meetings. The board deals with issues raised by the general membership. Producers and consumers must be willing to stand for election and take some responsibility for the managing the hub as well as using it.

Legal form

Stroudco is a Community Interest Company (CIC) limited by guarantee without shareholding. This legal form was selected because:

- It was relatively simple and cheap to administer
- It has an asset lock which means that if the company is wound up, the assets go to a similar organisation.
- It allows us to trade as an entity with limited liability

The founders struggled to find an appropriate legal form. No existing model rules fitted the required structure easily, and the group did not have the budget for legal advice, so they amended the rules themselves. The CIC articles appeared the simplest template to begin with and allowed the group to easily amend the memorandum & articles of association (the legal documents) to meet their unique needs. Let us know if you would like a copy.

The main alterations were to increase democracy and allow for shared control of the board. This included clauses which allow for:

- All members to elect both types of board member
- The board to be made up of half producer members and half consumer members
- Votes at general meetings to be weighted so that producers and consumers have half the votes each even though there are likely to be more consumers than producers.
- Members to have access to decision making if required.
- If at least 2 directors or 10 members want a decision to be taken by the whole membership, a discussion and vote will be arranged by directors for all members.
- Decisions to be taken by consensus where possible

The principle behind these alterations was to set up a group where producers and consumers worked for mutual benefit, seeking shared solutions, with neither seeking to profit from the other. The early signs are that co-operation between producers and consumers has been very good.

Members' agreement and secondary rules

There are membership agreements for both producers and consumers. These contain most of the trading rules and are simple to update and alter. The memorandum & articles are difficult to alter, requiring votes or abstentions from 50% of members.

The membership agreements do include some items that are relatively difficult to alter but not fundamental to the business e.g. to ensure animal welfare for meat and dairy produce traded.

Finance

Stroudco has received two Rural Enterprise Gateway grants of £1500 each, and an Awards for All lottery grant of £8750, all for initial development work. In May 2009 Stroudco was awarded £63,073 of Local Food Funding to cover set up costs and the loss the enterprise is forecast to make until it reaches a level of trading that breaks even (estimated to take up to 3 years). Once the enterprise is established they do not expect to require any ongoing grants.

Once established, income will be generated from 2 sources – consumer members pay £2 per month membership, and producers pay a fee of around 8% of gross sales through Stroudco. The board will adjust this rate as necessary to maintain viability, ensuring they make neither a loss, nor an excessive surplus. Profits could be used to buy equipment for members to share, pay a bonus to the worker or support new hubs to set up.

Let us know if you would like a copy of the cash flow forecast.

Benefits

Producers do minimal marketing. They get up-front ordering and payment, higher than wholesale prices and a single delivery point. Producers control their own market without supermarket contracts.

Consumer members have relationships with producers, community activity, access to farm life, no need to pay 'middlemen' so affordable food at slightly less than retail prices, a short supply chain providing fresh food.

The enterprise is a not for profit social enterprise, controlled by community and producer members. It is registered as a Community Interest Company. Anyone can join as a community member. Producers can join by permission of existing members.

An experience of community democracy, practical involvement and dialogue between consumers and producers will increase community capacity.

Activities

The core work is done by an employed administrator who manages volunteers. All consumer members are required to offer 2 hours per year of volunteer time. Member involvement is key to the success of Stroudco because it keeps costs down, develops relationships between producer and consumer members and increases understanding and control of food production and the management of their enterprise.

It is estimated the enterprise will trade about 100 product lines including fruit, vegetables (including a low-cost vegetable bag), cheeses, beers, wine, juice, bread, cakes, dairy products, eggs, preserves, venison, rabbit, beef, pork and lamb.

Central to the enterprise is a web-based administration system. This enables the handling of multiple orders and has been designed to minimise the time taken to carry out administrative tasks at all stages of a trade.

Producers enter and update their stock lists online and specify which trading days they will provide for., . They do not have to trade every time and occasional traders (e.g. who have a back garden apple tree) are welcome. Consumers order online in advance and can place automatic repeat orders.

Consumers pay in advance and the system only accepts an order if the account is in credit. Payment can be made online, in cash through the school, through the local credit union, by cheque or by bank transfer.

Producers receive a single collated order in advance and deliver the order to the school hall on a Saturday morning. Producers are paid on delivery. The paid worker and volunteers sort the orders into boxes for each consumer member to collect in the afternoon.

Consumers are required to supply at least 2 hours unpaid labour per year per household. The administrator has volunteers to help with the sorting. The volunteer labour can be used for other purposes such as leafleting, taking minutes, cleaning the hall, etc. Other volunteers will be available to make online orders for people who do not have internet access.

There will be community events at least monthly, including many opportunities to meet and work with producers, who must each offer an annual community event. This could be a workday on the farm, camping, a talk at the school, a BBQ, farm walk, fruit picking, etc. With around 20 producers there will be an event at least monthly.

The drop off will be designed to encourage chat and interaction for those that want to hang around by offering tea and cakes and a toy box.

The school has been very supportive in developing Stroudco. It has allowed us to put up a freezer shed and the children are involved in promoting the project.

Stroudco is well networked with other groups but none of them is directly involved in running the project. Stroudco is a member of Stroud Social Enterprise Centre which provides its registered office address and management support where necessary.

The Hub is building up a stock of items for loan to members such as an apple juicer, sausage maker, roasting spit, etc.

Distribution and delivery space

Food drops will happen initially once a month, building up to a weekly drop as soon as trading volumes allow. The co-op will have access free of charge to the hall at Parliament Primary School. All produce is delivered by the producers to this venue.

The worker sorts the food into boxes according to what each consumer has ordered. The consumer members take it in turns to help with the food sort. The co-op worker prints off picking lists which make the sorting job as simple as possible.

Consumer members collect from the school hall on Saturday afternoon. Consumers are encouraged to collect for other consumers local to them.

Consumers can choose to pay a delivery charge and have the co-op worker deliver the food to their home.

Set up

Grant funded workers and volunteers have facilitated a group of food producers and consumers in setting up the enterprise. Local Food funding has covered capital start up costs and running costs until the enterprise is self-sufficient. Once we have 200 consumer households spending £24 per month each the hub will break even. Our projections are that Stroudco will be supporting a part time employee as a viable not-for-profit business after 3 years.

Stroudco software and website and all our set-up systems are designed to be given away free of charge for other groups to adapt and use. This has been part funded by the Making Local Food Work programme.

Future

Stroudco could be extended to include a green home delivery scheme, sister hubs, trading of non food local products (e.g. bio-fuel), supply to trade including Stroud's organic cafes, add on community schemes e.g. cooking clubs, etc

If the enterprise outgrows capacity at the school, other drop off points may be developed around Stroud, and on other drop off days.

How to copy it

Background

Stroudco was set up to be copied. Our vision is that every school hall/village hall/community space in the country will host a food hub. To help make this a reality we have made all the systems free and easy to copy.

The website

The database and website is being written as open source. This means that anyone can pick it up and use it. As it is still in the development stage we would appreciate new users sharing any improvements they make.

Have a look at www.stroudco.org.uk to see the current version.

In the longer term we plan to set up a co-operative that will take ownership of the software. Co-op members would have access to the software and pay a subscription fee that would cover new developments.

Paperwork

There are lots of bits of paper that we have developed to make the hub work. These are also available free of charge to anyone who wants to copy them. Let us know which of these you are interested in;

- memorandum and articles
- criteria for producer eligibility
- producer member agreement
- consumer member agreement
- agreement with the school which hosts the hub
- cash flow forecast
- consumer cash payment options
- sorters' instructions to make it easy for volunteers to sort the food deliveries into boxes for each consumer.

The right people

It is amazing how many people are producing food right on your doorstep. We got a list of 83 food and drink producers just by doing a bit of web-searching and networking. Right from the start we involved interested food producers and consumers in planning how Stroudco works.

These people continue to do a lot of valuable voluntary work in deciding managing the hub and planning its future. There is a 'core group' of members elected each year who manage Stroudco. The core group is made up of 50% consumers and 50% producers.

Other things you will need to set up a food hub

These are the things we had to set up.

- **A venue** – we have an agreement with a primary school. They are happy for us to use the school hall on a Saturday. The hall would have been empty otherwise and it fits with their 'extended schools curriculum for us to use their facilities. They don't charge us for the hall but we do pay for any electricity that the shed uses.
- **A shed** - the school agreed that we could put up a shed in the school grounds. This is for our freezer and other bits needed for trading days. An meter measures how much electricity we use so we can pay the school.
- **Other equipment** includes weighing scales, trolleys to move stuff around, freezer blocks and insulated carrier bags to keep chilled and frozen food cold, collapsible boxes and deposit-paid bags for consumers to take away.

Contacts

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