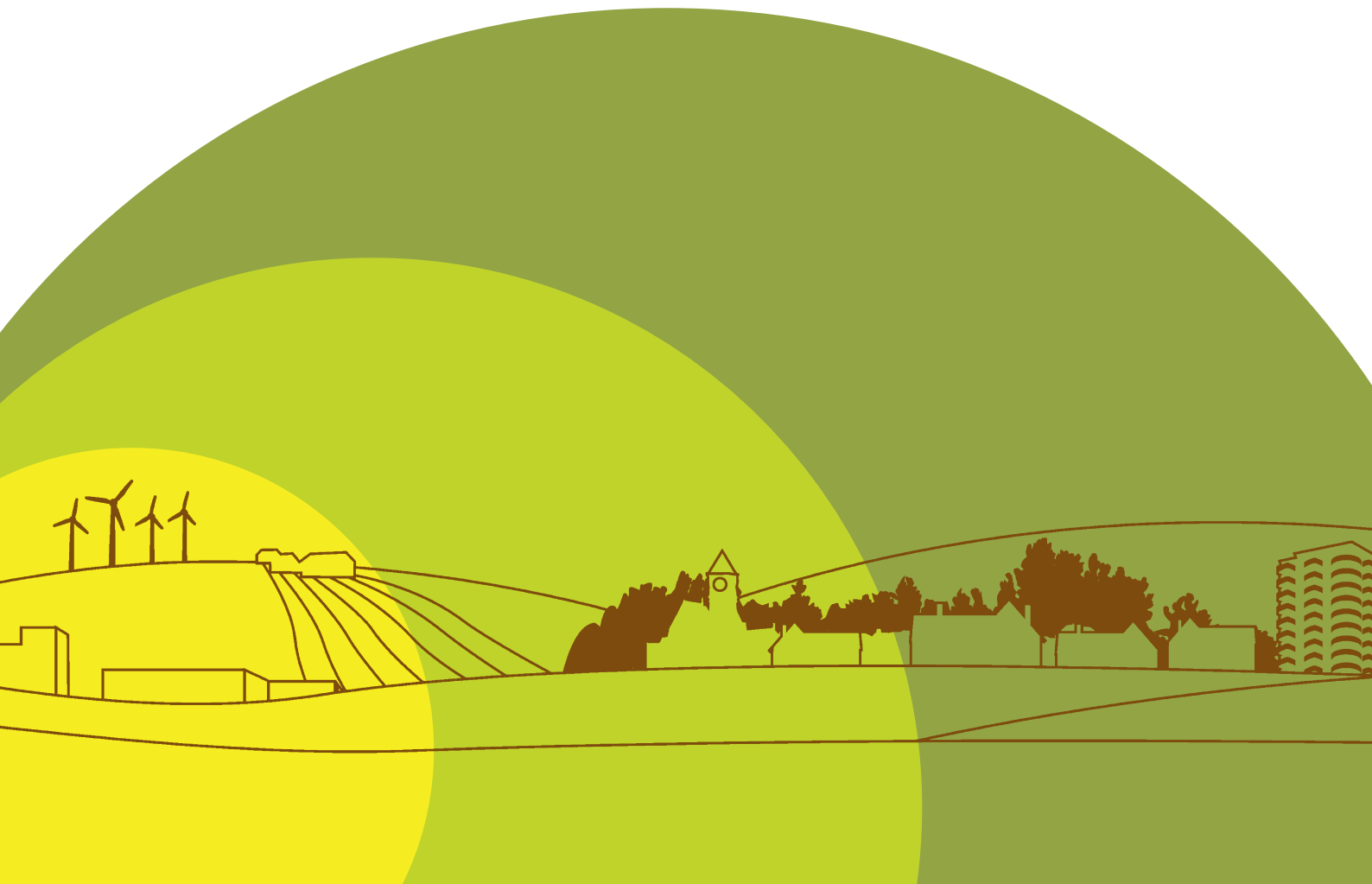




Prospects for the Future: **Scaling Up the Community Food Sector**

Research by Cardiff University for the
Making Local Food Work Programme

September 2012



Contents

| | | |
|----------|--|-----------|
| | Foreword | 03 |
| 1 | Summary | 04 |
| 2 | Introduction | 08 |
| 3 | The current characteristics of the community food sector | 10 |
| 4 | Scaling up the community food sector | 15 |
| 5 | The role of cross collaboration in scaling up the community food sector | 28 |
| 6 | From cross collaboration to the development of Local Food Systems | 37 |
| 7 | Conclusions | 39 |
| 8 | References | 41 |

Foreword

So often the celebratory feel of the local food movement is interrupted by cries of "Yes, but can you scale up?" Such criticism can, at times, be frustrating. At other times it can be annoying, because it betrays a basic lack of confidence of what people can achieve together. My own background is within the Co-operative Movement, which saw how it was possible to grow one small locally owned shop into a worldwide movement involving one billion people in a trillion dollar economy and so have no trouble in believing in such growth. But at all times, the challenge of scale is not one that can be ignored. Making Local Food Work commissioned the research *Prospects for the Future: Scaling up the Community Food Sector* due to this challenge.

The tender for the work was won by Cardiff University, which has been an effective voice in challenging the role of food in our society. For instance, Professor Kevin Morgan, from Cardiff University, challenges why planners fail to mention food, even though its creation, production, distribution and retailing is a vital part of all our lives. The addition to this team of Tim Crabtree, whose pioneering work in Bridport and beyond has been an inspiration to so many of us, meant that the report was always destined to be thought-provoking.

The report looks at where we are now at a depth and an honesty that few within the sector have managed before. It highlights the different motivations that bring people to local food. It points out where the current weaknesses are in the supply chain. It celebrates success, but pulls no punches where more work is needed.

Then it looks forward to what more is needed. It looks towards a world where people think together about the local food system they need in their community. Whether you are part of a local food enterprise, an organisation supporting local food or a policy former, this report will stimulate and challenge your own thinking. Forecasts very rarely get the future completely right, what they can do is prepare us for that journey. A journey that we have to take if we want to build on the progress made so far with local food.



Peter Couchman

Chief Executive, Plunkett Foundation



1

Summary

Why the research was commissioned

The Forecast for the Future report was commissioned by the Making Local Food Work programme because of a single belief, a belief in the value of community food enterprises. However, for community food enterprises to be a seriously considered element of our food sector, they must be robust enough to operate within the competitive marketplace. How can this be balanced with the motivations of community food enterprises that have environmental or social goals at the heart of their work?

It's also the case that the community food enterprise movement as a whole must be more robust, scaling up so that more community food enterprises are operating across the country. Making Local Food Work developed a hypothesis: that 'connecting up' is part of the solution to the issue of 'scaling up'. The purpose of this research was to investigate how community food enterprises can be effectively scaled up, in a sympathetic and relevant way that does not undermine the values and motivation of these enterprises.

How the research was carried out

Cardiff University, with the support of Tim Crabtree, a well-respected social enterprise and community food expert, was commissioned to carry out an exploratory research study that would examine the following three areas:

1. An analysis of the current characteristics of the community food sector;
2. Consideration of how the community food sector could mature and grow in the coming years; and
3. Investigation into whether cross-collaboration – enterprises consciously working together to achieve joint aims—might be an integral aspect of the future for community food enterprises.

The research was carried out over approximately 18 months between 2010 and 2012. The work relied on qualitative research methods: shadowing community enterprises; carrying out interviews and developing these into case studies; engagement with key support organisations via contribution to events, meetings and seminars; and linking with like-minded professionals exploring the issues of scale in the community food sector. Additionally, the research team spent time working alongside clusters of enterprises, coined 'local food systems,' through specific project delivery within Making Local Food Work. By linking with this project activity, the team could better understand how cross-collaboration was being explored and trialled on the ground. Limited quantitative analysis was also carried out, which included compilation of baseline data to understand the scale and reach of community food enterprises.

Key Findings

Over the last decade, social enterprises in the UK have played a pioneering role in responding to society's demands for a more sustainable food system. Initiatives like farmers' markets, community food shops and community supported agriculture schemes have been instrumental in facilitating face-to-face relationships between producers and consumers, thereby providing a concrete response to widespread concerns about the lack of transparency and accountability in the conventional, industrialised food system.

While community food enterprises are providing local markets for goods and initiating demand for ethical, sustainable food stuffs, the community food sector alone cannot make changes to the global food system. Community food enterprises are helping to change behaviour on a local level; however, to make global changes, a shift in consumer and industry behaviour requires action from key decision makers at national and international levels.

Community food enterprises are important and exciting as they deliver a range of benefits and operate in areas that many private businesses find impossible. As defined by Co-operatives UK, a community food enterprise has four dimensions: market creation, community engagement, localism, and multiple outcomes¹⁵. Community food enterprises are motivated by a range of factors, including environmental sustainability; creation of local opportunities and livelihoods; and creating community engagement. These motivations are at the heart of their organisation and often represent their key values and why they were created. This can complicate their economic model, as the social dimension of these enterprises means their business decisions aren't solely motivated by profit. For example, they are also trying to balance a fair deal to producers, a fair deal to consumers, ethically grown and processed ideals, and a smaller environmental footprint. This can create tension within the organisations.

This tension can also be seen when discussing scale and growth; many community food enterprises would prefer to 'scale deep'—increasing their reach within the local area—rather than 'scale out'—increasing their reach to new locations.

*Unicorn Grocery,
Manchester
(see page 23)*



¹⁵ Co-operatives UK, Social Enterprise and Defra's Objectives: an Agenda for Collaboration. London: 2008

In this report, the writers explore the different capitals, or resources, that are needed to create a stabilised community food enterprise. These include:

1. natural capital, such as land;
2. human capital, such as employees or volunteers;
3. physical capital, such as farming or processing equipment;
4. financial capital, such as cash or loans;
5. social capital, such as local organisations, networks and experience of collaborative working.

The report then explores how each of these areas, or capitals, could be improved in future to help the sector evolve. In the final section, the report explores these five capitals again, but this time through a lens of collaboration. Each of the five areas is explored in terms of how collaboration, or working together, could improve the community food sector. This includes organisations actively coming together to access resources, increase operations, improve consumer engagement or improve their environmental sustainability.



*Cultivate, Oxford
(see page 22)*

Image: www.cultivateoxford.org

*Handmade Bakery, Huddersfield
(see page 25)*

Recommendations from the research

The learning from the research has been condensed into three key recommendations.

Recommendation 1:

Community food enterprises play a critical role in delivering a wide range of additional social and environmental objectives that are not delivered by the dominant food system. The community food sector is an ideal vehicle of change and innovation for the food sector, and community food enterprises are an enterprise model that addresses key needs at a highly localised level. Greater recognition and support of community food enterprises within key decision bodies, such as the Department of Environment, Food and Rural Affairs (DEFRA) and the Department of Business, Innovation and Skills (BIS), would unlock many opportunities. Due to their unique positioning to deliver multiple benefits on very localised levels, individual community food enterprises warrant a priority focus, with tailored interventions, for example, in relation to access to finance and training of staff and volunteers.

Recommendation 2:

Local food can have a dramatic effect when it reaches a critical mass of linked enterprises and consumer action working in co-operation. Community food enterprises can play a particular catalytic role in connecting together a range of actors within a locality. We call on local, city and regional leaders to champion such local food systems through action to create local food networks as a focus for innovation and business start-up, as well as collaboration between existing enterprises, so that by 2020 local food is a vibrant contributor to every local economy across the UK.

Recommendation 3:

Local food has been neglected in the past by food and farming policies that have discounted and at times undermined the contribution and potential that it can bring. Specific changes would reduce the barriers and unlock opportunities for local food players. These changes include:

- utilising the power of the public purse through increased procurement;
- helping to create a level playing field for smaller food enterprises to compete against national and international conglomerates;
- supporting greater innovation and entrepreneurship through appropriate vocational training and targeted social investment finance for the local food sector.

2 Introduction

Making Local Food Work is a support programme for community food enterprises across England. The programme, funded by The Big Lottery Fund, was run by a partnership of seven organisations (Co-operatives UK, Country Markets Ltd., Campaign to Protect Rural England (CPRE), The National Farmers Retail and Markets Association (FARMA), Plunkett Foundation, Soil Association and Sustain). The intention was to support change in the current food sector; in particular through helping localised food systems to become a key way in which food is produced and consumed.

The Making Local Food Work programme began in 2007 and concluded in September 2012. There were 6 “delivery strands” within the portfolio, and 4 “support themes”, each with a different lead partner(s). In 2011, a 7th delivery strand was added – the Local Food Systems project.

| Project Type | Project Title | Lead Partner Organisation |
|-------------------|--|--|
| Delivery Strand 1 | Community Supported Agriculture | Soil Association |
| Delivery Strand 2 | Food Co-ops and Buying Groups | Sustain and Soil Association |
| Delivery Strand 3 | Distribution and Supply | Sustain |
| Delivery Strand 4 | Farmers Market Operators | Plunkett Foundation and FARMA |
| Delivery Strand 5 | Sustainable Models of Home Produced Food | Country Markets Ltd |
| Delivery Strand 6 | Local Food and Local Shops | Plunkett Foundation |
| Delivery Strand 7 | Local Food Systems | Plunkett Foundation |
| Support Theme 1 | Governance and Structures | Co-operatives UK |
| Support Theme 2 | Enterprise Support to Community-based Food Enterprises | Plunkett Foundation and Co-operatives UK |
| Support Theme 3 | Mapping Local Food Webs | CPRE |
| Support Theme 4 | Information, Communication and Evaluation | Plunkett Foundation |

Making Local Food Work commissioned Cardiff University to undertake the Forecast for the Future research project, the purpose of which was:

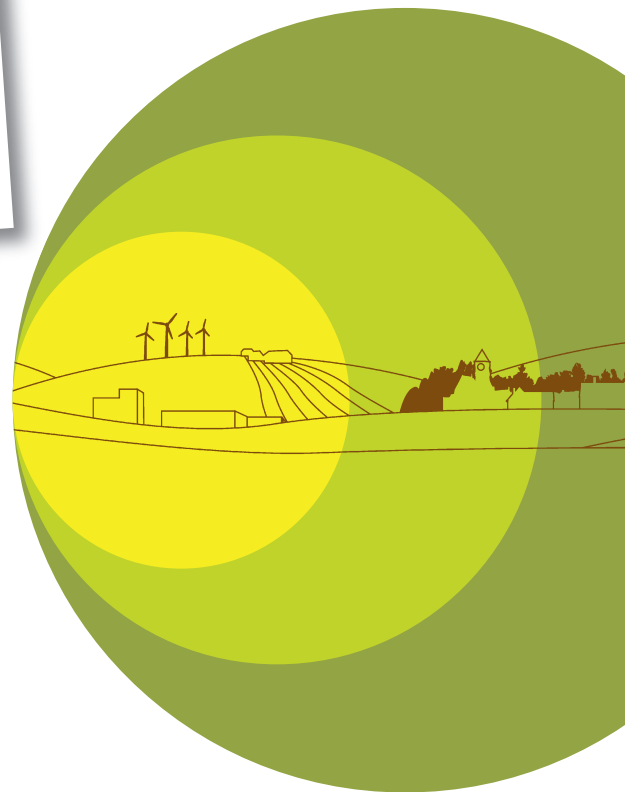
- a) to analyse the current characteristics of the community food sector;
- b) to forecast how this sector can mature and grow in the coming years; and
- c) to understand whether cross-collaboration — enterprises consciously working together to achieve joint aims — is an integral aspect of the future for community food enterprises.

The research has comprised 4 elements, leading to the production of this final report and also four working papers (published online at www.makinglocalfoodwork.co.uk/reports.cfm):

- Analysis of the community food sector – its role and its context in the UK.
- Analysis of key drivers and real / potential barriers faced by community food enterprises.
- Identification of best practice examples and their mechanisms for networking, business support and secondary services.
- Distilling key lessons on the potential for growth in the community food sector



*Green Valley Grocer
(see page 25)*



3 The current characteristics of the community food sector

The food system comprises primary production (farming and fisheries), processing and food manufacture, wholesaling and retail, and hospitality/food service. The system is commonly presented as a simple linear chain, from primary producers to consumers. However, as will be explored in this report, the food system is actually quite complex, with linkages between the economic, environmental and social domains and a set of unintended consequences such as widespread diet-related ill-health, localised economic decline and increasing environmental pollution. Community food enterprises often develop in response to such issues.

According to the DEFRA Food Statistics Pocketbook 2011, UK spending on food and drink is £182 billion per annum¹. The food and drink industry accounts for 7% of national output and provides 3.7m jobs. The scale of the industry is illustrated by the food service sector (comprising quick service restaurants, hotels, pubs, leisure and other restaurants), which serves over 5 billion meals per annum.

Community food enterprises form a small part of the food and drink sector. A community food enterprise can be broadly defined as an organization that receives income through trading or contracts, is involved in the growing, harvesting, processing, packaging, marketing, distribution, wholesaling, retailing or serving of food, and which has at least some degree of local ownership and control. They are social enterprises, too, i.e. “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 maximize profit for shareholders and owners.”

Co-operatives UK et al. (2008) identified four dimensions of a social enterprise:

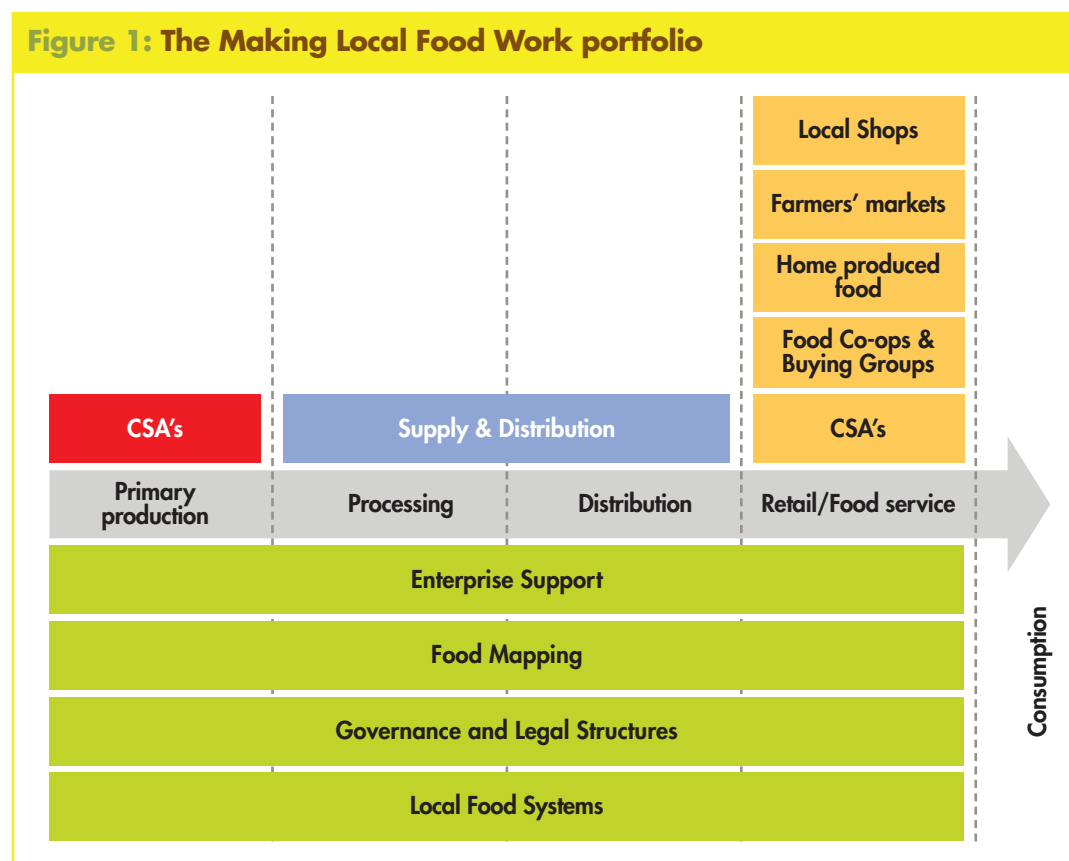
- **Market creation**, or the propensity to innovate and take risks to enter into markets that are unattractive to the private sector;
- **Community engagement**, defined as the goal of strengthening community capacity by involving hard-to-reach groups and by providing joined-up services;
- **Localism**, or the tendency to operate within a local area, thereby reducing transport costs and emissions while at the same time providing a multiplier effect on the local economy;
- **Multiple outcomes**, or the achievements of benefits that are not just economic, but also social and environmental (the triple bottom-line of sustainable development).

The Making Local Food Work programme supported 7 different types of community food enterprise:

- Farmers' Markets;
- Community-owned Shops;
- Country Markets, which support “home producers” (traditionally linked to the WI);
- Food Co-operatives;
- Community Supported Agriculture;
- Organic Buying Groups;
- Local Food Hubs.

¹ DEFRA, 2011

The diagram below illustrates where these enterprises are located along the food chain:



The community food enterprise sector is a small sub-system within the food and drink industry. Recent research by SERIO for the Making Local Food Work programme² identified a range of community food enterprises, and sought to build a picture of the size of the sector.

SERIO surveyed enterprises from 5 sub-sectors and concluded that their combined turnover was £77 million. SERIO also identified a range of other community food enterprises, including community cafes, education providers (e.g. city farms) and food hubs, and estimated that their turnover could bring the total for the sector to around £150 million.

² SERIO 2012

The following table summarises the data collated by SERIO:

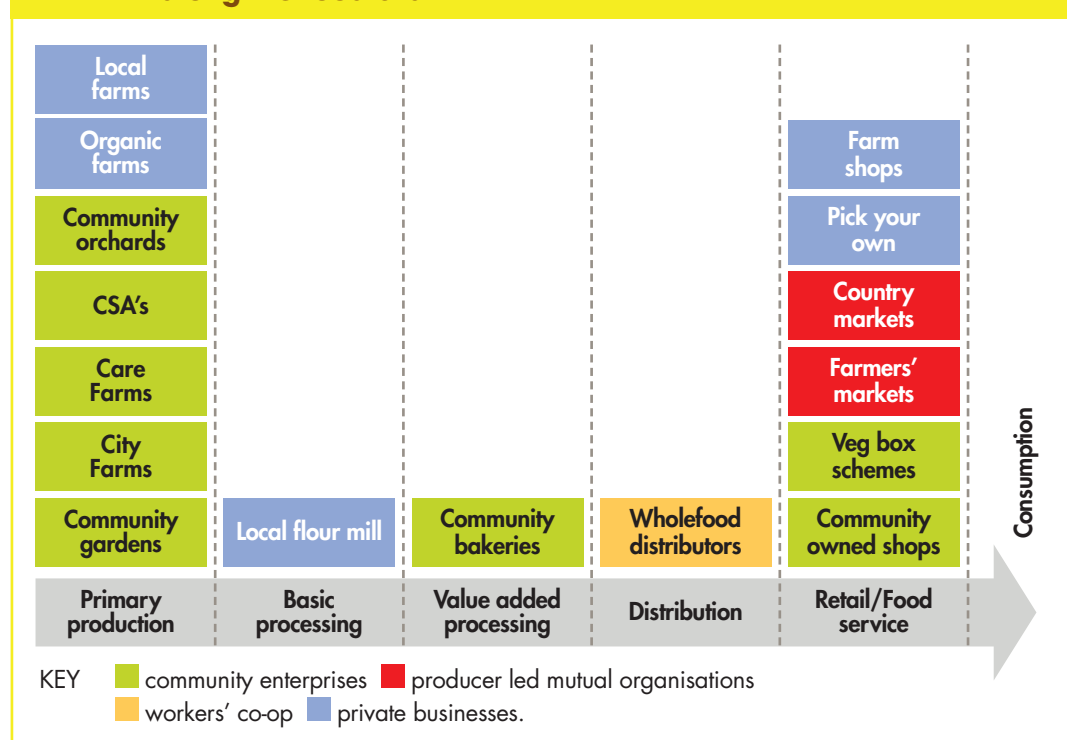
Table 1: Scale of key sub-sectors in the community food enterprise sector

| Sub sector | Scale of sub sector |
|--|------------------------|
| Farmers Markets | 212 |
| Community owned shops | 271 |
| Country Market Societies (No. of producers supported) | 64 (12,000) |
| Food co-ops/Buying groups | 404 |
| Community supported agriculture (CSA) | 80 |

Many community food enterprises are designed to support other actors in the local food economy. For example, Country Market societies support 12,000 individual home producers, while farmers' markets, community shops and co-ops also support thousands of producers. This means that community food enterprises can have a significant impact well beyond that which might be indicated by turnover alone.

However, it can be difficult to precisely define the community food sector, as there is a blurring of boundaries between enterprises which meet the social enterprise definition and those that are part of the private sector or the co-operative and mutual sector. The diagram below shows how community food enterprises (green boxes) sit alongside privately-owned businesses (blue) and co-operatives (yellow). Country markets are organised as mutuals, whilst farmers' markets take many forms, including some that are local authority run or private concerns and some that sit within the social economy:

Figure 2: Examples of local and community food enterprises along the food chain



Market-based activity within the food and drink sector can range from global corporations seeking to maximise profits for shareholders, through small family based businesses and then to social economy organisations. These various enterprises have a range of motivations:

- First there is the “*mainstream*”, which comprises mainly medium and large scale businesses driven by the need to maximise returns to external shareholders; they are often listed companies (e.g. Northern Foods or Sodexho) and may form part of a large conglomerate (e.g. Green & Black’s); or they may be owned by a private equity firm (e.g. Seeds of Change);
- Next there are *businesses* which need to remain viable but do not have to maximise profits at the expense of other ethical considerations, e.g. organic farms, wholefood shops, “artisan” bakeries and butchers, micro breweries, etc; these businesses are often owned by one person or a family, or have small numbers of shareholders within a private share company structure;
- Closely connected with this sector are (again mainly small) *locally embedded businesses* – e.g. farm shops and village shops, and “secondary” enterprises such as country markets and farmers’ markets;
- Then there are *food enterprises that link food to some other consideration*, such as food poverty and access, health (ranging from healthy eating initiatives to horticultural therapy), or education for sustainability. Examples include food co-ops, community kitchens offering cookery classes and environmental centres developing a food strand;
- Finally there are “*self-help*” type *community initiatives*, many of which have emerged only over the last 3 – 4 years. Examples would include community gardens, community orchards and “land share” schemes. Many of these have developed from initiatives such as Transition Towns, from encouragement by TV shows such as River Cottage, or from the promotion of ideas around the “Core Economy” (by organisations such as the New Economics Foundation).



‘Fordhall Organic Farm
(see page 30)

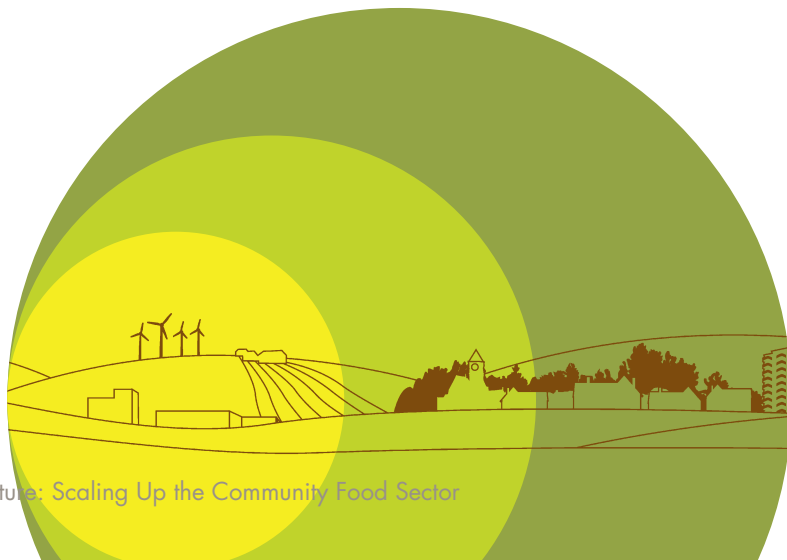


The diagram below draws on the above analysis and illustrates the range of motivations found within the “localised, sustainable and fair” food sector:

Figure 3: Different types of motivation within the community food sector



Community food enterprises such as community farms, community shops and food co-ops may draw inspiration from one or more of these differing motivations. This can be a strength for the individual initiative, but can have the effect of reducing the viability and diversity of their local food system. There have been reports of longer established enterprises, such as a farm shop, being adversely affected by the development of new initiatives, such as a food co-op. Therefore a key issue for organisations seeking to promote localised, sustainable and fair food systems is how to support the development of both existing and new enterprises in ways that do not undermine already established businesses.



4 Scaling up the community food sector

In seeking to address how the community food sector can scale up over the next few years, it is helpful to consider community food enterprises from an economic standpoint. Economics starts with consumer preferences, and provides guidance on how scarce resources can be allocated to meet these choices. If the community food sector is to grow significantly, then consumer preferences will need to shift towards an increased **demand** for the products and services provided by community food enterprises. This is of course a difficult issue for many community food enterprises, which may be operating in areas of deprivation or low income. Also, at times of “austerity,” quality food can be the first item to be cut back on.

At the same time, community food enterprises must be able to address 3 **supply-side** challenges:

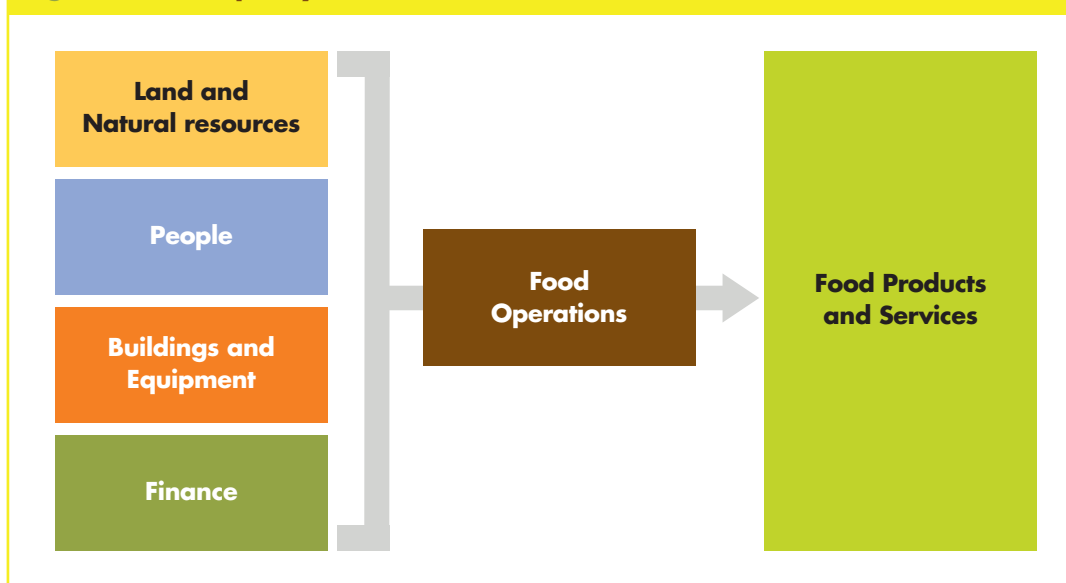
- Accessing inputs of the right quality and in the right quantity, as well as at the right price;
- Undertaking their operations in an efficient and effective way;
- Creating “value propositions” that meet the preferences of consumers.

In order to identify ways in which demand can be increased, and the supply-side challenges overcome, the Forecast for the Future research team have reviewed activity within the Making Local Food Work programme, and also researched successful examples of community food enterprise outside the UK. The research has analysed community food enterprises as economic “systems” in their own right – i.e. they take inputs (or “capitals”), such as land, water, sunlight, human labour and machinery, and transform them into food – which will either be consumed directly or processed further up the chain.

Understanding the Community Food Sector as a System

A community food enterprise can be thought of as a system, as can a local food economy. As Meadows³ explains: “Systems can be embedded in systems, which are embedded in yet other systems.” The diagram below illustrates the basic systems model, based on the understanding that all food systems transform inputs into goods and services:

Figure 4: A simple systems model

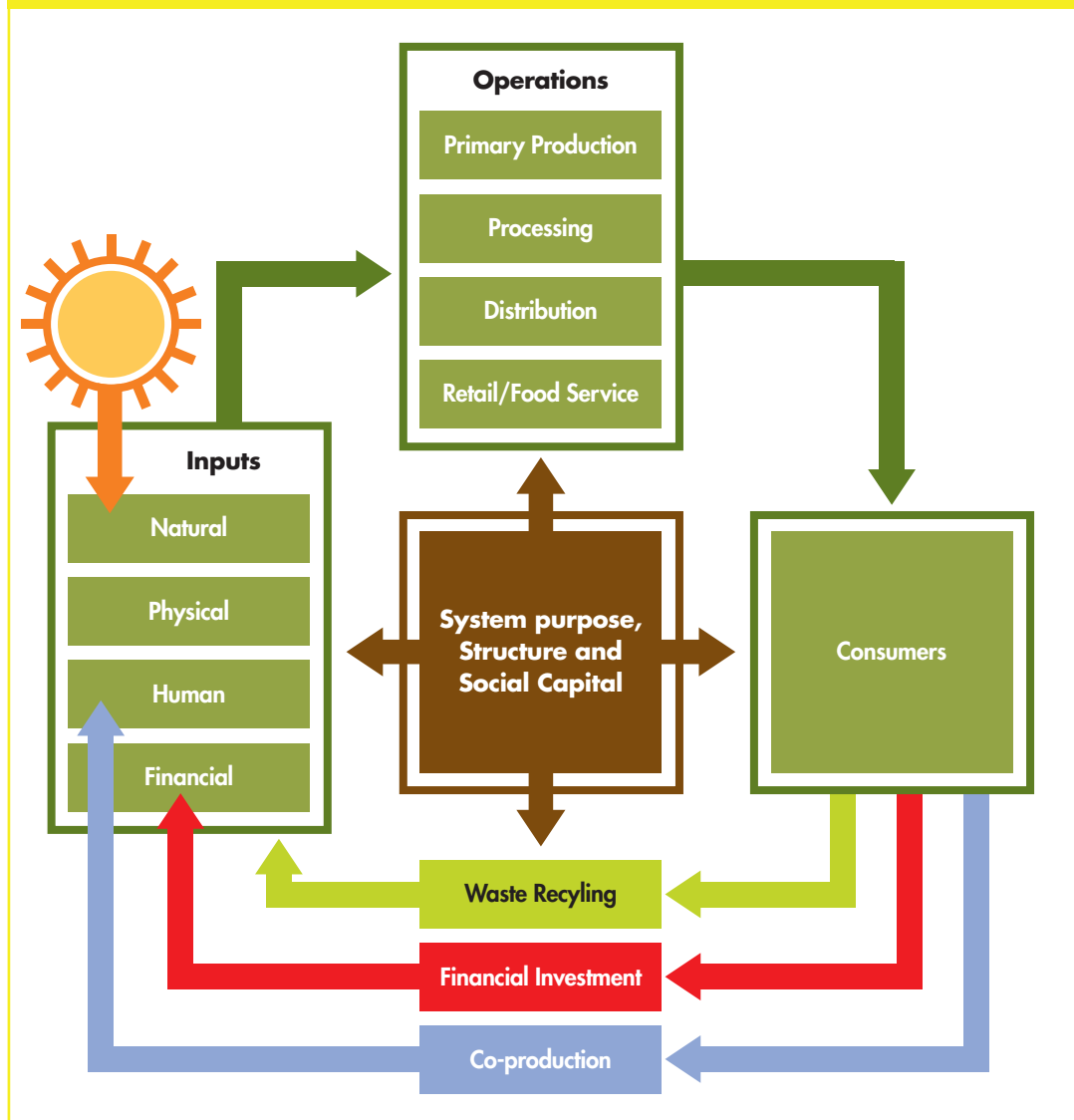


³ Meadows, 2008:12

The Forecast for the Future research has taken the simple systems model illustrated above, and added an emphasis on 3 elements:

- **The core purpose sitting at the heart of the community food enterprise.** This purpose or goal will encompass a triple bottom line of social, environmental and financial outcomes, and can act as a powerful motivation for those who receive goods and services from the community food enterprise as well as those who work for it. The purpose will be reflected in the organisational structure of the community food enterprise.
- **The way in which community food enterprises build, and draw strength from, “social capital”.** This social capital is a core element of a community food enterprise, and is interwoven with the organisation’s purpose and structure. It will also feed into the way in which the enterprise functions as a system, transforming inputs into goods and services – within this system, the “community” can be more than just passive consumers, e.g. becoming volunteers, investors, non-executive directors, advocates and champions.
- **The potential for community food enterprises to build in “closed-loop” sustainability,** and access new forms of natural capital inputs, through recycling and renewable energy.

Figure 5: Community food enterprises: a systems model



The Role of the Making Local Food Work programme

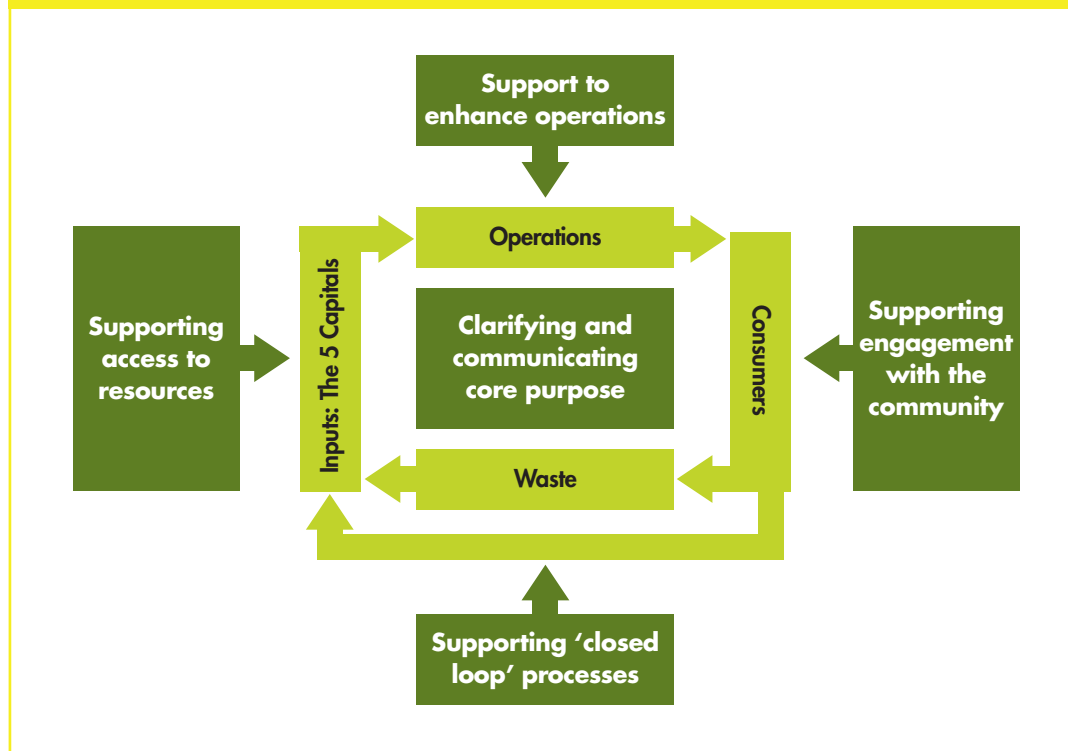
The Making Local Food Work programme has delivered interventions designed to enhance the functioning of community food enterprises as viable systems:

- advising individual community food enterprises on how they can clarify their core purpose;
- working to increase the availability of inputs, such as land and finance;
- supporting improved operations, for example through business support and advice;
- helping community food enterprises to engage with consumers.

The Making Local Food Work programme did not have an explicit remit to advise on sustainability, but a concern for improved waste recycling and energy efficiency is apparent in many of the organisations supported.

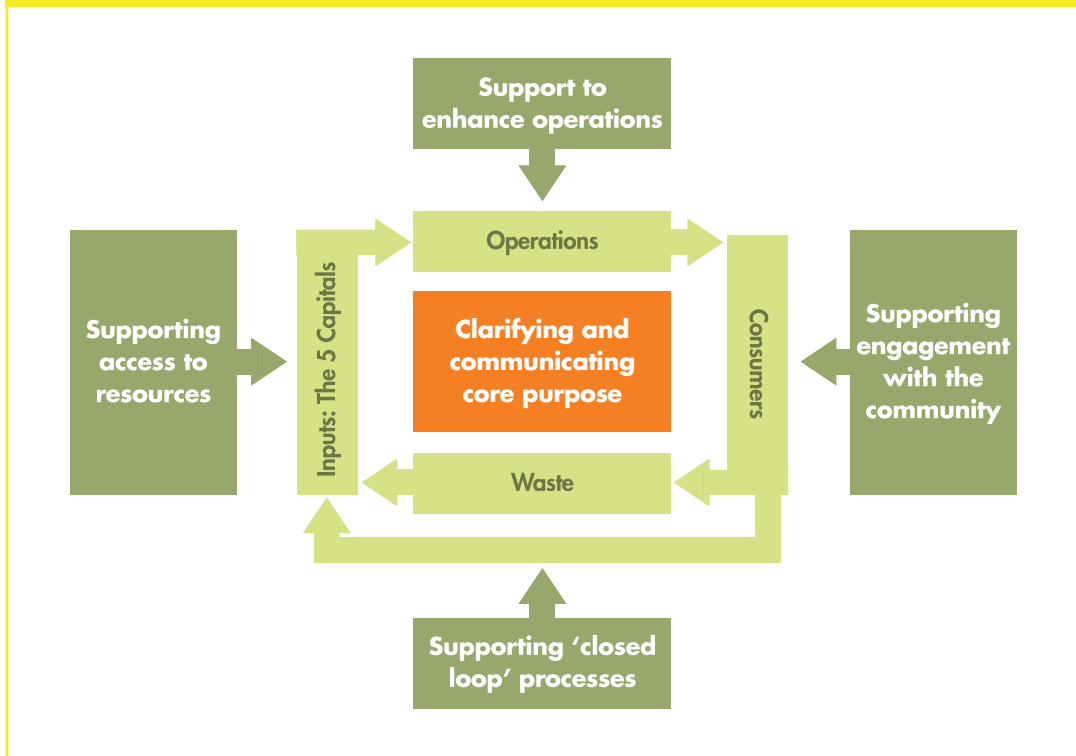
Based on the systems approach we have outlined so far, it is recommended that this framework inform future programmes of support intervention. The framework is described in detail below, and summarised in figure 6.

Figure 6: A systems approach to support interventions



Support for clarifying core purpose:

Figure 6a: A systems approach: clarifying and communicating your core purpose



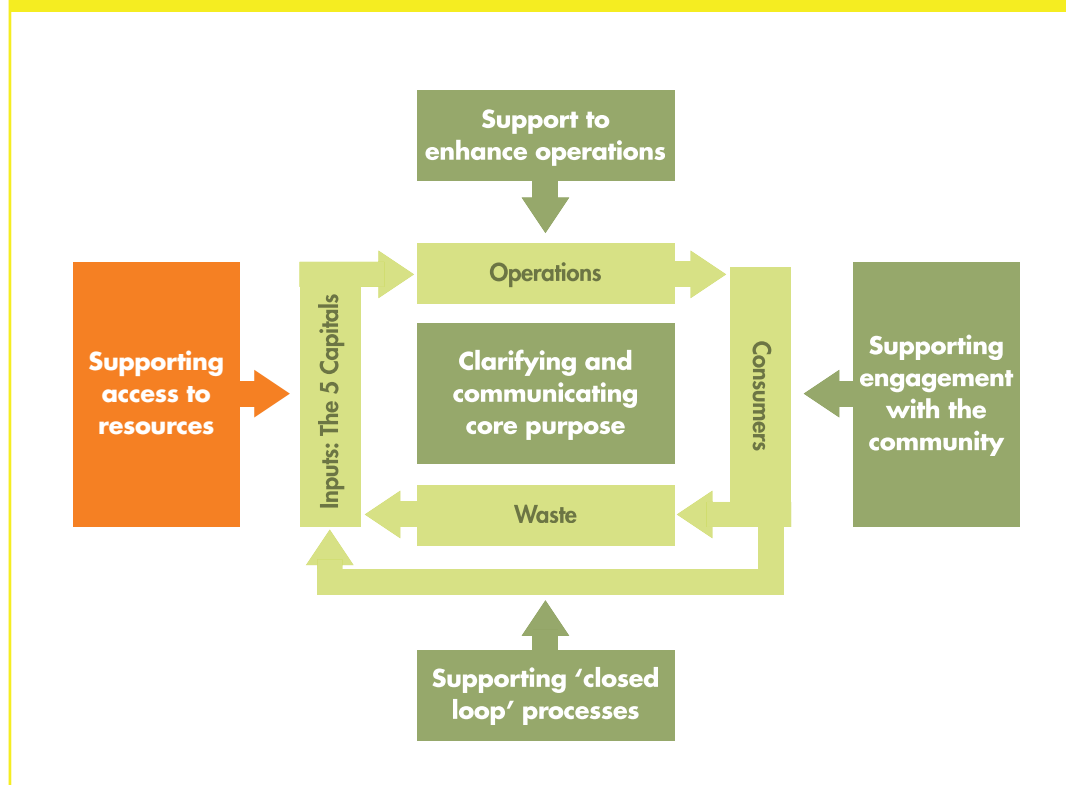
The Making Local Food Work strands have supported community food enterprises to review their core purpose and express them in organisational forms, procedures and policies. The Specialist Enterprise Support and Governance & Legal Support have provided particular expertise and guidance when required, and such advice infrastructure should continue to receive support.

Action Points:

As part of a growth strategy for the sector, community food enterprises need to continue to improve their offering and how they run their businesses. Community food enterprises should be given the opportunities to learn from good practice in areas such as:

- Clear organisational purpose; how to combine business, environmental and social goals
- Appropriate legal structure for their specific needs
- Effective community engagement and membership development

Figure 6b: A systems approach: supporting access to resources



Supporting access to resources:

As has been explained, a key characteristic of a community food enterprise is its ability to draw upon social capital and this becomes a key resource and advantage. In addition, community food enterprises must mobilize three further types of resource, or capital: natural capital, human capital and physical capital. Some of these may be freely available, such as land from a benevolent landlord, volunteer labour and donated tools. Others will need to be bought or rented, and for this a fifth resource – financial capital – is needed.

Many community food initiatives seek grants to provide this finance, and then supply food and food-related services at no cost to individuals or groups in the community. Others decide to trade, either through securing contracts or through selling goods and services in “the market.” This trading activity makes them a community food enterprise.

Community food enterprises therefore need to focus on two key functions:

- Mobilizing resources (the “5 Capitals”) and combining them to create the core operations of the organisation – this is the area of **supply**;
- Finding customers who will pay for the resulting goods and services – this is the area of **demand**.

A core focus of the Making Local Food Work programme has been addressing **supply-side barriers**, which affect the ability of community food enterprises to access the 5 capitals and to scale up. The programme has therefore supported many community food enterprises to access resources, for example through support around the development of processing infrastructure, or advice on innovative ways to access land or finance.

⁴ Cox and Schmuecker, 2010

Natural capital – includes land, water, soil, photosynthesis and waste recycling (e.g. from anaerobic and aerobic digestion). The **supply-side barriers to accessing natural capital** include the high cost of all land (land prices and rents), its limited availability in urban areas and restrictive local planning policies⁴. Ways of overcoming such barriers include encouraging public and voluntary sector organisations to make land available at below market rents to community food enterprises, and giving incentives to private sector landowners to sell or lease land on favourable terms. This is explored in more detail in section 4 below.

Within the Making Local Food Work programme, the Community Supported Agriculture strand has worked with a large number of groups seeking land to start up their CSA enterprise. This support has now come to an end, and the Soil Association, which hosted the CSA strand, does not currently have resources to continue the work. Access to land therefore remains a major issue, but there are a growing number of collaborative approaches which are proving successful.

Action Points:

Access and availability of land has been a challenge for new and existing community food enterprises and is forecast to be an on-going significant issue. Areas that can positively impact include:

- **Incentives to private landowners to sell or lease land to community food enterprise at below market rates**
- **Increased profile of how land impedes growth of community food sector**

Human capital – includes intellectual knowledge, creativity and physical labour of local people. The **supply-side barriers to accessing human capital** include the difficulty of finding “entrepreneurs” and providing suitable incentives, building teams of staff, volunteers and board members and ensuring they have the requisite leadership and management skills. In addition, food tends to be a low-skill, low wage sector, with comparatively high turnover rates. There is also the challenge of finding appropriately skilled managers with the right ethos. Ways of overcoming such barriers include the expansion of apprenticeship schemes, funding of relevant training programmes and grants for work with volunteers.

One of the key needs highlighted in interviews with practitioners and policy makers from the community food sector is for training in farming skills – in particular horticulture. Many community food enterprises at the primary production end of the food chain focus on horticulture, while a large percentage of the community retail enterprises (e.g. food co-ops, box schemes and community shops) report a shortfall in the availability of locally produced fruit and vegetables.

According to Julie Brown, Co-ordinator of Growing Communities:

“One of the key challenges facing us in terms of creating a re-localised food supply is the lack of skilled growers. Our Urban Apprentice scheme attempts to address this in an urban context.”

Growing Communities has run the scheme for a number of years, with some of the apprentices going on to run small “micro-site” market gardens that are part of Growing Communities “Patchwork Farm”. The scheme is currently expanding with the opening of a new market garden in Dagenham, which will employ a grower and two part-time apprentices.

Action Points:

People – human capital – are critical to the success of the community food sector. A range of methods should be used to encourage new entrants into the sector, including:

- Apprenticeship schemes
- Training programmes
- Up-skilling volunteers to paid roles

Social/organisational capital – social capital is an essential building block of community food enterprises, but can be difficult to build or access.

Making Local Food Work's Governance strand has greatly increased understanding about the range of structures available to community food enterprises, including the way in which organisational form can engage a range of stakeholders (including volunteers and staff) and also underpin access to other "capitals" such as land or finance. It is essential that such specialist support be available into the future. Case studies show that some social enterprises still find it difficult to have the space and finance needed to undertake organisational reviews (Cox and Schmuecker, 2010: 47), so it is essential that advice on good governance and the adoption of suitable legal structures continues into the future.

Action Points:

Choosing the right legal structure is a critical detail for a community enterprise as it dictates many of their present and future decisions. For the sector to move forward, community food enterprises need the most appropriate governance and legal structure for their specific needs.

Opportunities for knowledge sharing and peer-to-peer learning are pivotal to ensure the growing confidence of the community food sector.

Physical/manufactured capital – includes buildings, such as an allotment shed, poly-tunnel, shop or a food hub, and equipment (such as spades, vans and ovens). The supply-side barriers to accessing physical capital include the fact that premises and equipment are hard to find and very costly. Community food enterprises tend to mobilise "manufactured capital" that is less capital intensive – and they compensate by using other resources, such as volunteer labour and social capital that larger firms are unable to mobilise. If community food enterprises are to scale up, then funding for physical infrastructure, including processing units, distribution facilities, and retail/catering outlets, can be very important.

⁵ Horrell et al, 2009: 2

⁶ McCartney et al, 2012

⁷ Where a social enterprise adopts the Industrial & Provident Society form and issues a prospectus to raise "withdrawable share capital" – this approach to raising equity is exempted from the provisions of the Financial Promotions Regulations

The Making Local Food Work programme's Supply and Distribution strand has supported the development of "food hubs" by organisations such as Organic Lea:

*"A hub is an intermediary...which by pooling together producers or consumers adds value to the exchange of goods and promotes the development of a local supply chain. This added value may be gained through economies of scale, social value, educational work or services... The hub may also provide a means for public sector services to reach disadvantaged communities, provide a space for innovation and act as a focal point for developing a political agenda around an alternative food system."*⁵

Action Points:

Capital and finance to fund physical infrastructure will continue to be in demand, including capital-heavy models such as food hubs, processing units, distribution facilities.

Financial capital – Financing is probably the key area where many community food enterprises may need to develop their understanding, including access to equity, quasi-equity and loans. The supply-side barriers to accessing financial capital include cost barriers, but there are also challenges in becoming "investment ready," including cultural barriers and a lack of understanding of the different types of finance available (loans and equity). Securing early stage development finance is a particular issue.

A recent report from Sustain ⁶ on financing the community food sector made a number of recommendations, including:

- Develop advice and mentoring programmes to help make community food enterprises 'investment ready';
- Promote community shares, community loans and donations as options for funding community food enterprises;
- Champion tax incentives to facilitate more funds being made available for community food enterprises.

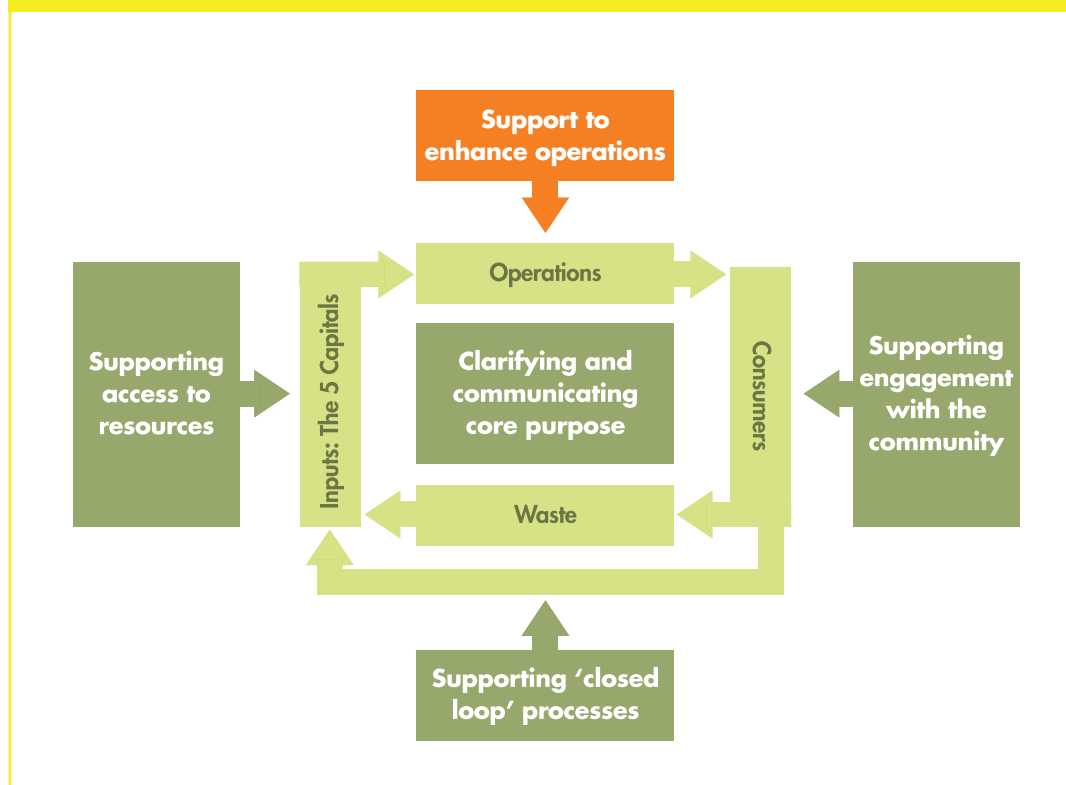
The Making Local Food Work programme has supported the growth of interest in community share issues⁷, for example through the Local Shops project where community-owned village shops are encouraged to become Community Benefit Societies and undertake a share issue. There has also been support through the CSA strand, with a number of successful share issues supported. A recent example is Cultivate in Oxford, which issued a prospectus to raise £55,000 to set up a new market garden and "veg van" round. The initial sum was raised in a short space of time, and the target was therefore increased to £80,000 in order to secure funds for working capital.

Action Points:

Community food enterprises would benefit from expanded provision of specialist low cost loan finance, and support for the undertaking of community share issues. Newer finance models such as crowdsourcing require more time and expertise to fully appreciate the value these financial tools can unlock for the sector.

Support to enhance operations:

Figure 6c: A systems approach: support to enhance operations



The improvement of operations has been a key part of the Making Local Food Work programme, for example through the publication of online handbooks, or through support for visits and networking opportunities. In addition, three types of support were available through Making Local Food Work:

- Sector-specific support from the CSA, Farmers' Markets and Local Shops strands, which were able to offer specialist business advice;
- Enterprise support provided by the Plunkett Foundation and Co-operatives UK, working with a network of consultants;
- Advice on governance and legal structures provided by Co-operatives UK.

These programmes of support have been very successful, as acknowledged by the Big Lottery Fund when it extended funding for the enterprise support and legal structures advice.

The Making Local Food Work programme has also supported dissemination (broadcasting information without expecting feedback) and the sharing of learning. This is exemplified by one of the research case studies:

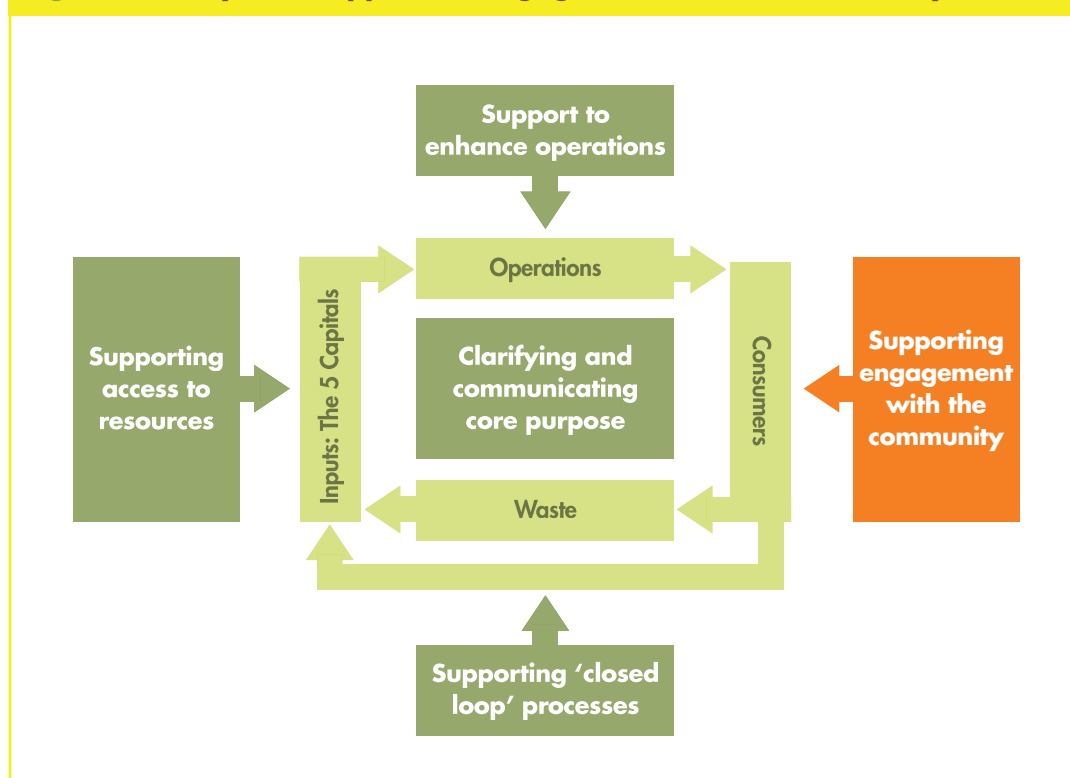
- Unicorn Grocery is a workers' co-operative in Manchester, which runs a very successful vegan supermarket and has been asked many times for advice on setting up a similar scheme. Unicorn received funding through the Food Co-ops strand to develop an online guide called Grow a Grocery, which provides a wide range of resources to help new community food enterprises to start up.

Action Points:

Mentoring, study visits, networking with peers have proved extremely useful and successful to the development of the community food sector thus far. For some, these tools will continue to be invaluable; however, as the sector matures, new tools and sources of information will be required to support an evolving sector.

Supporting engagement with the local community:

Figure 6d: A systems approach: engagement with the community



Making Local Food Work has supported many enterprises to connect more closely with communities. This might be at the level of improved marketing – e.g. the use of social media such as Facebook, or shared point of sale materials being made available to community owned shops. In addition, there is growing awareness that consumers can also become members who can act as volunteers or investors, and as a result there is growing interest in community share issues or the use of loan stock.

It is important to bear in mind that community food enterprises may seek to serve low income groups, and this will affect the potential to increase demand as well as achieve financial viability. They may seek to pay decent wages and produce to high environmental standards, but this adds additional costs and can reduce rather than increase demand if consumers are not able to afford the higher prices.

⁸ Cox and Schmucker, 2010: 46

⁹ Fitzpatrick, I. and MacMillan, T., 2010

There are a number of ways in which engagement with consumers can be supported, including public procurement, influencing consumer buying behaviour and encouraging consumers to become members.

Using the power of the public purse

One way community food enterprises could increase demand for their products and services is by accessing some of the estimated £2 billion spent each year by government on food and food services. However, the barriers are great. Evidence suggests that small social enterprises are not always competing on a level playing field with larger conventional sector businesses (Co-operatives UK et al., 2008: 6). Specific obstacles here include: pressures on public bodies to secure cost savings by aggregating contracts, which invariably discriminate against small businesses; restrictive specifications that set out how delivery should occur, rather than focusing on outcomes; tight timescales; and overly complex processes.⁸

Influencing consumer buying behaviour

A recent report by Making Local Food Work⁹ explores the burgeoning advice on 'behavioural change,' which draws on research in behavioural economics and experience in social marketing, with the aim of helping community food enterprises "break from the margins into the mainstream." The main points of the report are:

- Make local food **easy**. The report highlights a range of strategies to achieve this goal, including simple rewards schemes to reward but also steer customers to new or special products by offering extra points; guarantee schemes that allow customers an opportunity to return products/services when they are not satisfied with them; and small initiatives that will make life easier for customers – for example, trialing longer opening hours.
- Make local food **normal**. To achieve this goal, the report encourages entrepreneurs to make people feel part of a larger group, to involve individuals who have more ability to influence social norms, to do market surveys before launching something new and to canvass people, whatever their answer.
- Make local food **personal**. Suggested strategies here include: working to understand market segmentation to respond to people's different motivations; telling the story of the enterprise and its suppliers; helping customers by offering simpler choices.

Consumers as members and investors

We have already seen how community food enterprises can benefit financially from community share issues. Such investment can also have other benefits. The village of Slaithwaite illustrates how two community food enterprises increased community engagement through community investment. The Green Valley Grocer undertook a share issue, which raised £30,000 in equity. Chair of the board of directors Graham Mitchell said: "Not only were people investing their money through the purchase of shares, but people volunteered their time and expertise to renovating the shop. We even had local businesses fronting some of our costs which was a huge help."

The Green Valley Grocer originally hosted a workers' co-op, The Handmade Bakery. Once the bakery was established, the co-op sought funding to relocate to larger premises nearby, where they could open a café, too. To raise the finance, they offered customers loan stock in the form of "bread bonds," which paid interest in weekly loaves of bread. They also offered "course bonds" with interest paid out as places on a bread-making class.

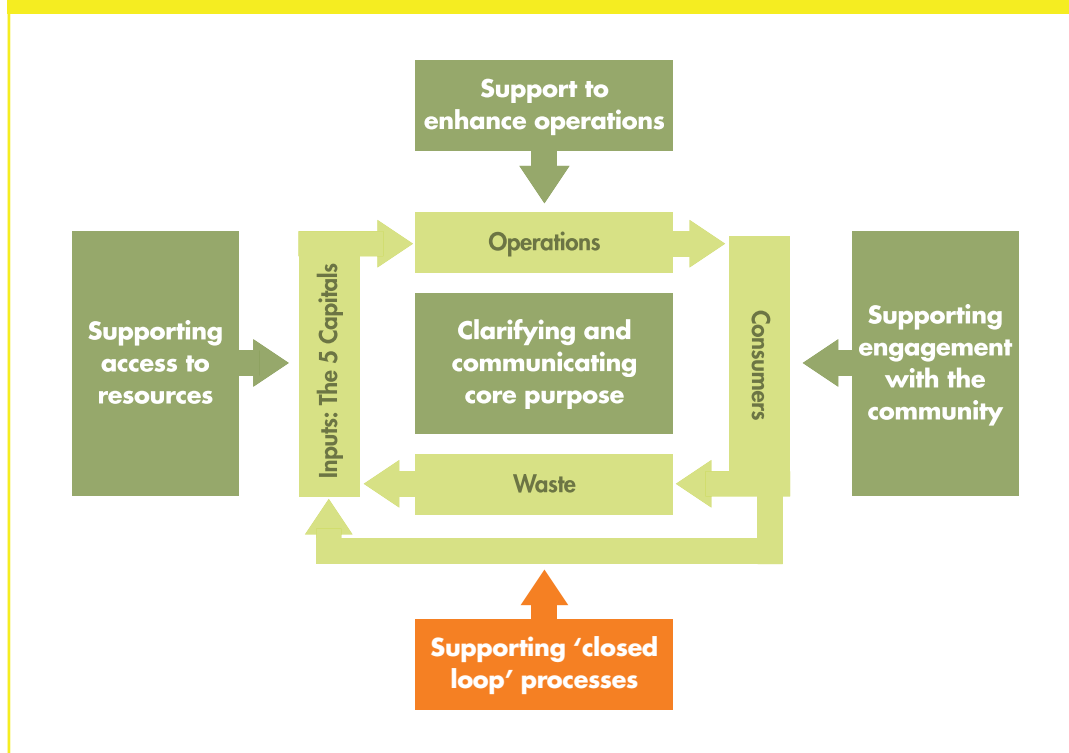
Action Points:

For existing community food enterprises, marketing has been forecasted as an important area for development. This includes learning from good practice in areas such as:

- Branding
- Use of social media and other web-based tools
- Understanding the customer needs and creating value
- Influencing consumer buying behaviour.

Supporting “closed loop” sustainability:

Figure 6e: A systems approach: supporting ‘closed loop’ processes



The modern food system is shaped by the way in which stored natural capital (in the form of oil, gas and coal) has been used to transform the food and farming industries. Many people in the local and community food sectors are motivated by concern for the negative externalities caused by the use of this stored natural capital – from climate change and soil depletion to the pollution caused by petro-chemical based fertilisers and pesticides. This has led to an increasing emphasis on the development of “sustainable food systems,” which harness the power of the sun (through, for example, wind and photo-voltaics) and where the “waste” from one process becomes the raw materials for another.

There are opportunities for the community food sector to combine food production with renewable energy and waste recycling, as a way of underpinning the viability of existing and new start food production enterprises:

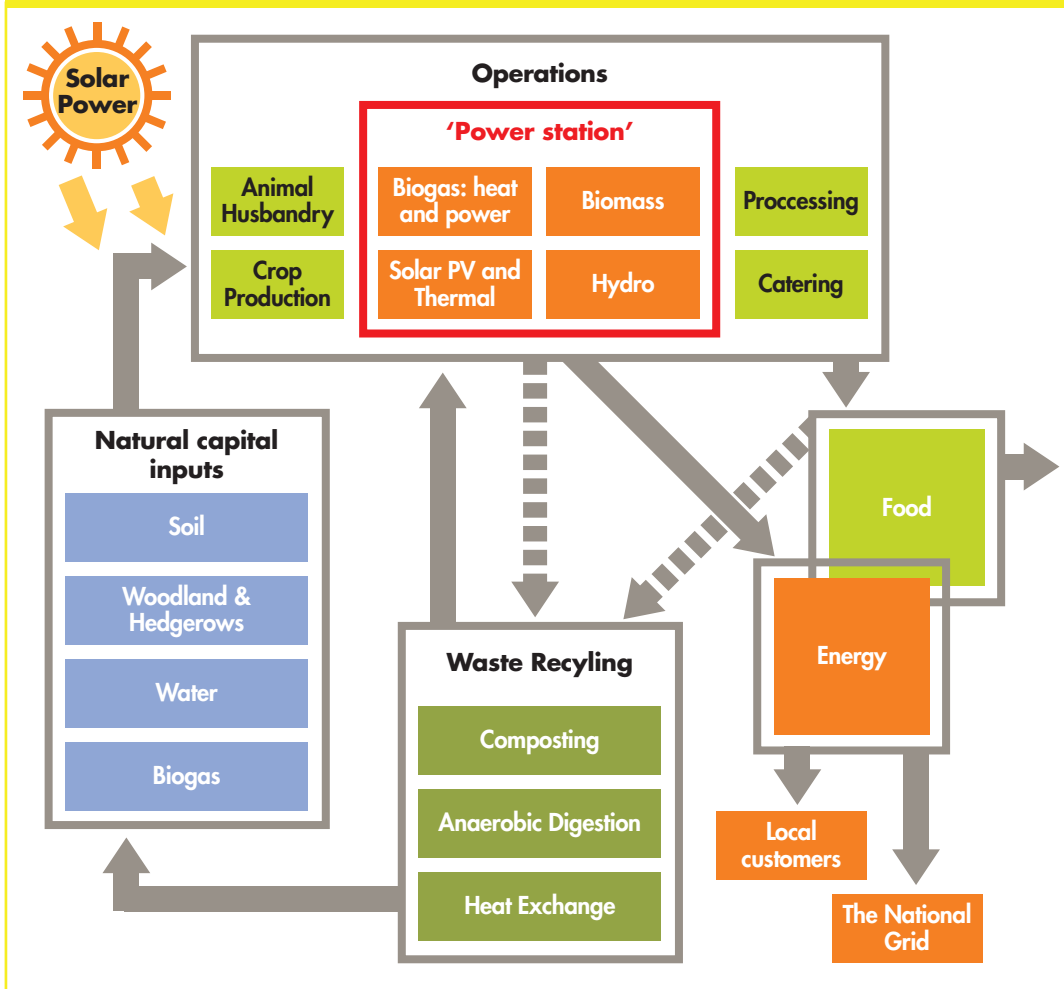
- renewable energy installations may be eligible for subsidy through feed-in tariffs and the

renewable heat incentive, and offer returns to social investors;

- these returns could be supplemented by Enterprise Investment Scheme tax relief, which would not otherwise be available for investments seeking to secure land for food production;
- existing food production enterprises could benefit from hosting renewable energy installations, with the potential to receive rental income as well as lower cost energy;
- new food production enterprises could access land as well as lower cost energy, by being built up alongside a renewable energy development on a particular piece of land;
- anaerobic digestion (AD) systems could be integrated into food production facilities (farms or market gardens).

The rising cost of energy is a major barrier to the success of community food enterprises, and the use of renewable energy as an alternative to carbon based power could be one way to overcome such a barrier. The diagram below illustrates how this could happen at a farm scale:

Figure 7: Integrating food production with renewable energy and waste recycling



Action Points:

Though few examples exist in the current marketplace, community food enterprises can develop closed loop processes to integrate waste recycling and renewable energy technologies into their delivery models.

5

The role of cross collaboration in scaling up the community food sector

The previous section explored how individual community food enterprises could improve their viability or scale up, through a range of external interventions, or actions they could take themselves.

However, it is clear that the majority of community food enterprises do not wish to scale up beyond an optimum size required for viability. There is the potential to increase the number of community food enterprises, but there are two issues which need to be faced:

- Community food enterprises are seeking to be viable within a difficult environment, with significant competition from mainstream food businesses and pressures on incomes due to the difficult economic conditions.
- After 2012, there will be a significant reduction in both grants and support programmes for community food enterprises.

According to Ed Mayo, Secretary General of Co-operatives UK,

“The way to respond to this may be through collaborative models that allow community food enterprises to come together, to address all the different elements, commercial and cultural, that are required to make a step change towards a more sustainable local food system.”

The Forecast for the Future research has therefore explored whether an increase in the impact of the community food sector can be achieved through collaboration between community food enterprises and other organisations seeking to create viable local food systems. These systems will need to achieve a range of goals, including sustainability, equity and affordability, while at the same time competing with mainstream food systems.

This is of course a challenge, but there is a growing understanding of how viable and resilient systems can be developed in such a way that the whole (e.g. a local food system) can become greater than the sum of its parts (e.g. individual community food enterprises). This can be achieved by a range of approaches to “connecting up,” as explained below.

There are four levels of activity which can contribute to the development of viable local food systems:

- Direct delivery by community food enterprises;
- Collaboration between enterprises within the local food system;
- “Food policy” partnerships working at a local level;
- National and international food policy and influencing work.

The research focused in particular on the first two and on the support required to make them effective. Support for collaboration and networking has been evident in individual strands, such as Farmers’ Markets or Community Supported Agriculture, and also in the Local Food Systems project, which has supported 7 partnerships across England to test out different approaches (see reference for Local Food Systems Project).

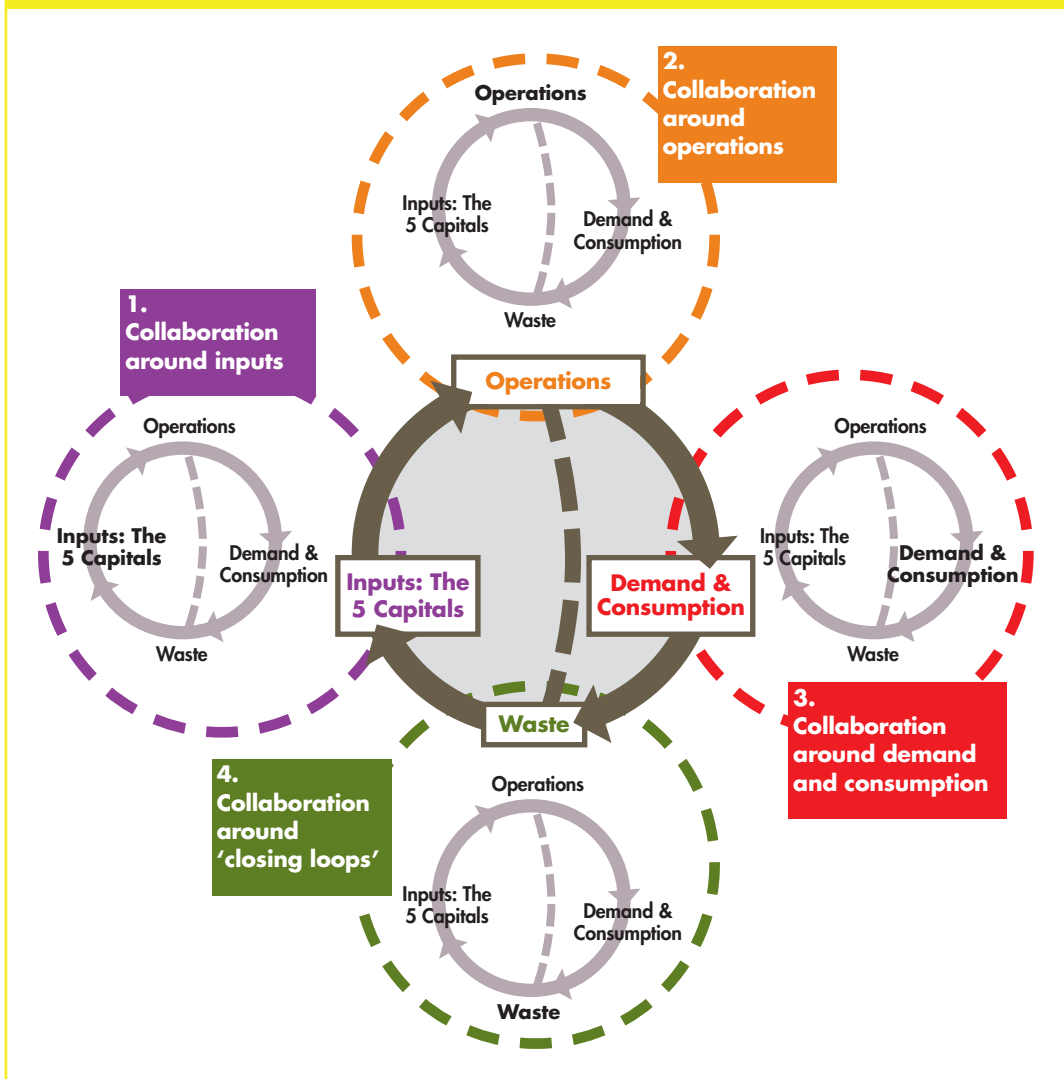


Using the simple systems model described in the previous section, it is clear that collaboration can take place in four different ways:

- Accessing resources (inputs/capitals);
- Scaling up operations;
- Engagement with consumers (demand and consumption);
- Sustainability (“closing loops”).

This is illustrated by the following diagram:

Figure 8: Four potential areas of collaboration in a food system



Collaboration around access to resources

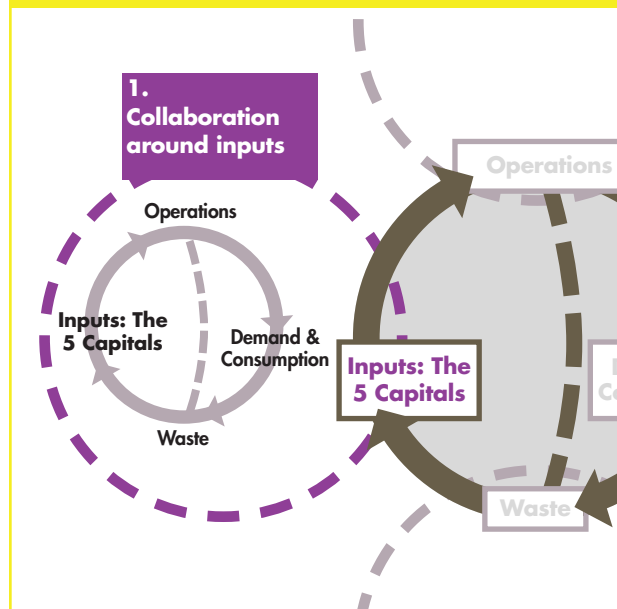
All five of the main resources discussed in Section Two – the natural, physical, human, social and financial capitals – can benefit from collaboration. The research revealed a number of case studies of community food enterprises in which collaboration proved to be a worthwhile tool in accessing the five capitals and therefore in the scaling up process.

Improving access to natural capital

Land is the key natural resource required by many community food enterprises. Within the Making Local Food Work programme, the Community Supported Agriculture strand has worked with a large number of groups seeking land to start up their CSA enterprise. This support has now come to an end, and the Soil Association, which hosted the CSA strand, does not currently have resources to continue the work. Access to land therefore remains a major issue, but there are a growing number of collaborative approaches that are proving successful. The following three case studies illustrate some of these approaches to land collaboration.

Fordhall Organic Farm became England's first community-owned farm in 2006 when a community farm land trust (Fordhall Community Land Initiative - FCLI) purchased the farm through a community share issue and a bank loan. The land collaboration is between FCLI and the farm business (Fordhall Farm Ltd.). As a community benefit society with charitable status, FCLI is able to separate out the trusteeship of the farm (land and buildings) – and the educational and community engagement activities – from the commercial activities carried out by the tenant. FCLI benefits from the success of the tenant, by linking rent levels to turnover, and this in turn is an incentive to improve the farm.

Figure 8a: Collaboration around inputs



The National Trust has entered into a land collaboration with Broadclyst Community Farm, near Exeter, which forms part of the Killerton Estate. The group has rented 32 acres of farmland, plus a Dutch barn, cattle shed and machinery store. Their aim is to create a sustainable farm providing food and education to the community while re-establishing the environmental and agricultural heritage of the farm through the support of its members.

Tablehurst and Plawhatch Community Farm is a land collaboration between a charity, which owns the land (800 acres) and buildings, and an industrial and provident society (IPS), which presently has 400 members from the local community, each paying £100 for their share. The charity aims to promote sustainable agriculture and so provides the land at a nominal rent. The IPS has undertaken community share issues to finance two farm businesses, which have separate boards of directors to help focus on the enterprise element of the operation.

Improving access to physical capital through collaboration

Access to physical capital – for example, for processing or to support joint marketing – can be an essential element of a strong local food system. Food hubs could play an important role in scaling up community food enterprises alongside other initiatives, such as new small-scale processing plants (flour mills, micro dairies, central kitchens, etc). However, the research identified a number of barriers to the development of such workspace. For example, the small group of visionary people who initiate the enterprise tend to spend too much time on the day-to-day operations and not enough on developing the hub.

Community-based food hubs routinely struggle to be economically viable and often need more flexible funding regimes to allow projects the freedom to adapt to changing circumstances. There is a clear logic to creating local or sub-regional food processing and distribution facilities which can be shared by multiple food enterprises, but progress towards realising such hubs in the UK has been slow, compared to countries such as the US. Support for feasibility studies and capital costs should be made available.

A good example of a local food hub is The Dorset Small Producers' Network, near Charmouth. This co-operative of around 30 small-scale producers promote organic farming and sustainable land management, fair trade, rural crafts and healthy local food. Funded by LEADER+ and the Local Food Fund, they collectively own a processing barn (which was built as a community project). Here, they have an old cider press for making juice, a jam and chutney kitchen, a dairy, a herb-processing room and a meat-cutting room.

Improving access to human capital through collaboration

A good example of the way collaboration can promote access to human resources is the creation of the Manchester Land Army. This partnership of local community food enterprises in Manchester has received funding from the Making Local Food Work programme's Local Food Systems project to develop a financially resilient 'land army' which:

- has the capacity to involve a large 'unskilled' pool of individuals, resulting in potential increases in yields and income for growers;
- nurtures a small number of committed and trained individuals that growers are able to call upon in times of need;
- offers progression for potential new growers to meet increased demand.

The project is a collaboration between The Kindling Trust and organisations such as Manchester Veg People, a collective of local organic growers and buyers supplying Greater Manchester. This collective was also supported by the Making Local Food Work programme through the Supply and Distribution strand. The aim is to bring together organic producers and buyers, and explore the potential for local supply into organisations such as Manchester University.

Improving access to social capital

Trust and reciprocity, combined with more formal organizational structure rules, help to support human interaction. The mainstream food and farming industry creates social capital through networks and associations, such as the National Farmers' Union (NFU), Young Farmers' Clubs and FARMA. For the community food sector, such networks are less established, but a range of existing networks could prove supportive, such as volunteer centres, local Friends of the Earth groups and the Transition Network.

Improving access to financial capital

Community food enterprises have the potential to mobilize local investment and social investment, which they can secure at below market rates in return for offering a “blended return” of financial, social and environmental outcomes. However, there are supply-side and cultural barriers, additional costs and administrative hurdles which collaboration could help to overcome.

One example of collaboration is the relationship between Wessex Community Assets (WCA) and The Real Food Store in Exeter. WCA is itself part of a secondary structure – the Wessex Reinvestment Trust group – established by a partnership of social enterprises, housing associations and local authorities. WCA helps community groups and social enterprises to develop assets in areas such as food, housing, workspace and renewable energy. WCA has registered 40 organisations as Industrial and Provident Societies (IPS), either as a stand-alone entity or as a means to raise finance for a related social enterprise, and 20 of these have gone on to raise £3.2 million through community share issues.

The Real Food Store is an urban-based retail operation in Exeter with a shop, café, and in-store bakery. Real Food wanted to create a food hub so they sought advice from WCA, which registered “Exeter Local Food” as an IPS with the Financial Services Authority (FSA) in December 2009. They prepared a prospectus and launched the share offer in June 2010, inviting people to invest in Exeter Local Food Ltd. Within three months they had raised more than £153,000 and the new board prepared for the opening of the business – The Real Food Store began trading six days a week on 30th March 2011. A second share issue to raise working capital has attracted a further £39,000.

Action Points:

We have seen above how community food enterprises benefit from enhanced access to the five capitals. Such interventions are often co-ordinated by regional and national organisations – however it is also the case that community food enterprises can collaborate together to secure enhanced access to such capitals.

*Real Food Store
(see this page)*



Collaboration to improve operations

There are different ways in which community food enterprises can collaborate in order to improve the effectiveness, efficiency and viability of their operations. These include:

- Licensing and social franchising;
- Secondary structures;
- Joint ventures;
- Spin offs.

Licensing and social franchising

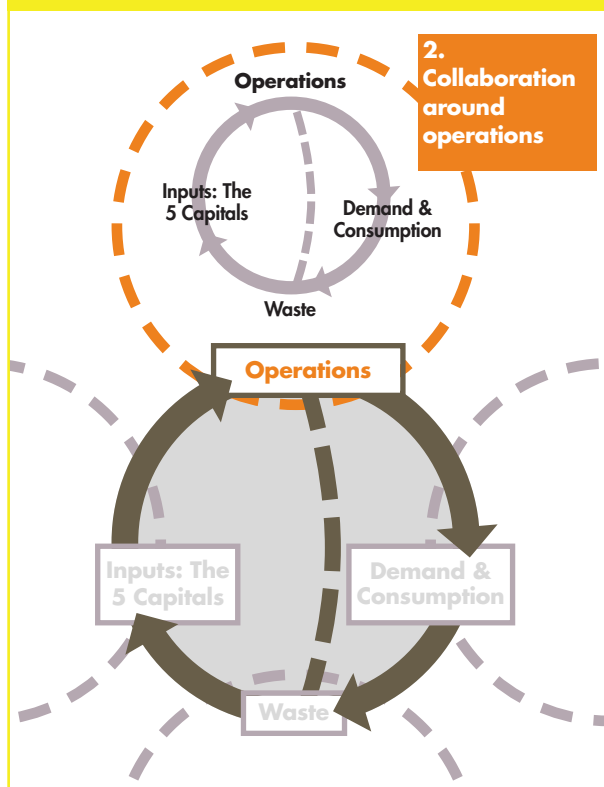
Licensing is defined as the provision of business support under licence. Social franchising is the provision of a brand as well as support on operational procedures. Licensing is the provision of business support under licence while social franchising is the provision of a brand as well as support on operational procedures.

The Growing Communities' Start-Up Programme illustrates the use of licensing schemes to help scale up operations. Growing Communities received many requests to develop branches in other areas, but the board did not wish to expand the geographical area of operation and explored an alternative scaling strategy. Rather than a formal 'social franchise' approach, they decided instead to develop a programme based on licensing their key operational and financial systems – this was funded by Making Local Food Work, with further support from UnLtd. Growing Communities piloted their Start-Up programme in Hastings, and then rolled it out to five groups during 2010–11. They plan to work with another five groups in 2012–13.

Secondary structures

Secondary structures are organisations that might provide an operational function on behalf of community food enterprises. An example of this kind of collaboration is illustrated by the Hostetin projects, so-called because they cluster in and around the small village of Hostetin on the Czech–Slovakian border. They were initiated by the Veronica Foundation, a non-profit organisation based in Brno, together with the local village council and a local association, White Carpathian Traditions. The most prominent project is a small apple juice plant that wanted to raise demand for apples grown in local gardens and orchards, which are often rare old apple varieties, and thus to motivate the owners to keep their orchards viable¹⁰.

Figure 8b: Collaboration around operations in a food system



¹⁰ Johanisova 2005: 15–17

Joint ventures

A joint venture is a business agreement in which the parties agree to develop, for a finite time, a new entity and new assets by contributing equity. Joint ventures can be a valuable way for less experienced partners to benefit from the scale and expertise of another company.

One example is the joint venture between Danone Yogurt and Grameen Bank, which has led to the development of small-scale yogurt-making businesses in Bangladesh.

Farmers wanting to add value to their milk by producing yogurt approached Grameen for help accessing finance and technical support. Grameen also saw the potential to address health issues by helping to develop a nutritionally fortified yogurt. Grameen persuaded Danone to enter into an innovative joint venture arrangement, whereby Danone would provide both finance and technical support. The return on their investment was capped and they had to sell shares to local stakeholders after an appropriate period. In return, Danone could build their profile in Bangladesh and engage their own workforce through opportunities for employee giving via a new “Danone Communities” venture capital fund.

Spin-offs

A spin-off is a company created with the support of a parent company or organisation, which offers support in one or more of the following ways:

- Investing equity in the new firm;
- Being the first customer of the spin-off (helps to create cash flow);
- Providing incubation space (desk, chairs, phones, internet access, etc.);
- Providing services, such as legal, finance, technology, etc.

All the support from the parent company is provided with the explicit purpose of helping the spin-off grow, as illustrated by the case study of Mondragon, a corporation and federation of workers’ co-operatives in the Basque region of Spain. In 1956, the Mondragon Co-operative Corporation started with a Technical College, from which one initial co-op was formed. There are now 256 co-ops, employing 80,000 people. Ideas for spin offs emerge from the existing co-ops, as well as from other secondary structures within the group, such as the Caja Laboral bank, the Mondragon University and a number of research and development institutes.

Action Points:

The future for the community food sector is bright and there are many ways to innovate and grow:

- **Licensing and social franchising could be utilised to grow great ideas.**
- **Joint ventures could be a relevant way to develop collaboration, both within the community food sector and by developing links with other sectors.**
- **More work is needed to further explore the potentially exciting role of secondary structures and how this mechanism could be used to formally link enterprises together in a beneficial and resourceful way.**

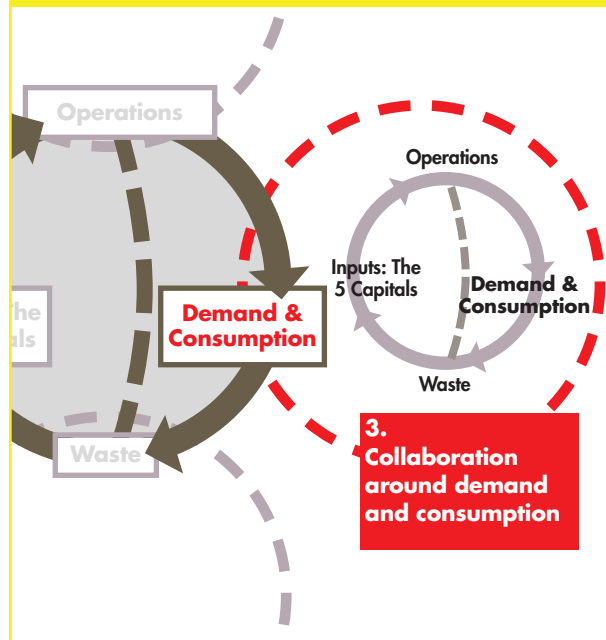
Collaboration around engagement with consumers

Community food enterprises could collaborate together in a range of ways to improve their engagement with consumers, and thus increase demand for their products and services. These include joint branding schemes and joint marketing initiatives.

Making Local Food Work has supported a number of joint branding schemes – for example, a set of partners in the Colne Valley in West Yorkshire to create a joint brand.

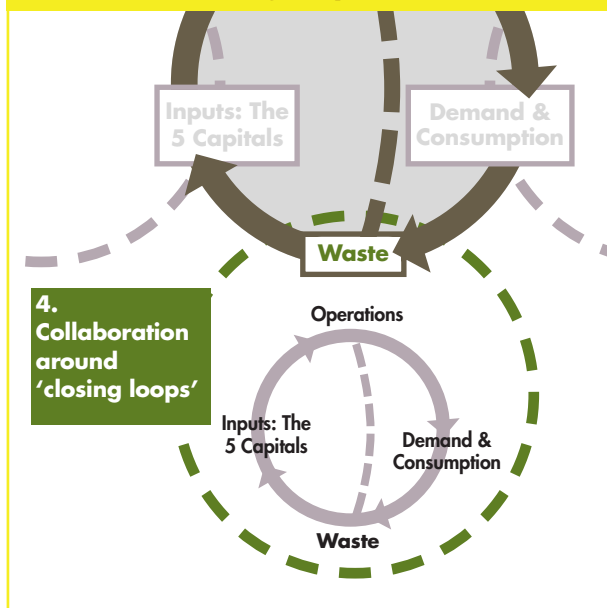
Community food enterprises can also work together to establish joint marketing arrangements – such as Manchester Veg People, mentioned above, which is a co-operative of Greater Manchester Organic growers and caterers working together to ensure the provision of fresh, seasonal food of the highest possible quality.

Figure 8c: Collaboration around demand and consumption



Collaboration around sustainability

Figure 8b: Collaboration around 'closing loops'



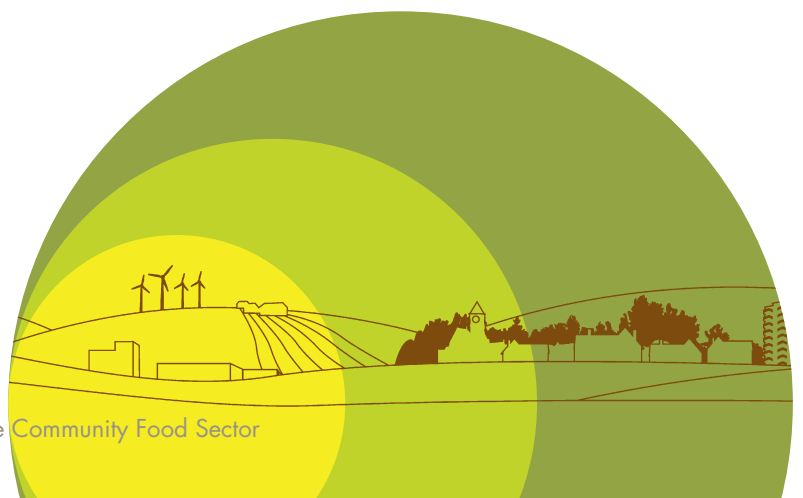
A small but growing number of community food enterprises are seeking to link waste collection and renewable energy generation to horticulture. These include CSAs and participants in the Food Distribution and Supply strand. However, as explained above, the Making Local Food Work did not have an explicit remit to promote sustainability within and between community food enterprises.

An interesting example of a community food enterprise involved in this type of "circular" process is Cwm Harry Community Land Trust, which started with the recycling of organic materials (food wastes and grass clippings). The recycling process comprises dedicated

collection services and a composting plant. Cwm Harry also operates a “community market garden,” with three staff employed to promote local growing through a vegetable bag scheme. Cwm Harry also buys produce from certain local producers, which now makes up a substantial part of the weekly vegetables bags. In the future Cwm Harry hopes to work closely with the Powys Growers’ Group – a group of independent, small-scale growers working in various parts of Powys who are keen to develop a local market for their produce.



*Cwm Harry Community Land Trust, Wales
(see page 35)*

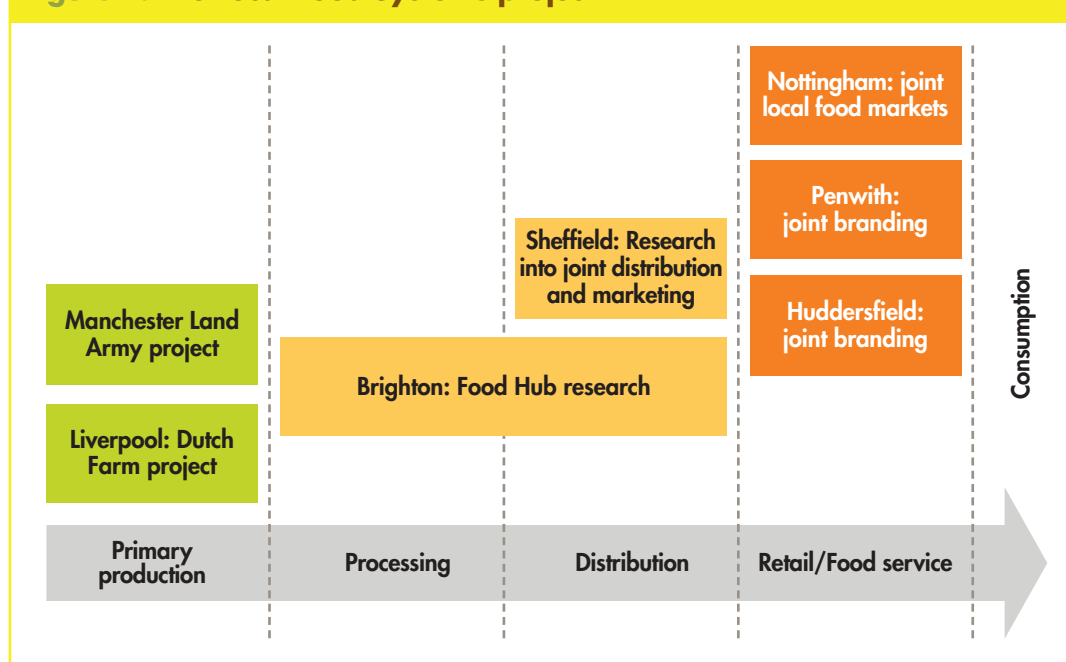


6 From cross collaboration to the development of Local Food Systems

The Making Local Food Work Local Food Systems Project

Having reviewed the ways in which collaboration can help to create viable food systems at a local level, mention should also be made of Making Local Food Work's Local Food Systems project. The project supported 7 local partnerships, shown in the diagram below:

Figure 9: The Local Food Systems project



The project has demonstrated that the support required to develop viable collaborative groups includes:

- online information, including procedural advice and some case studies;
- a small amount of funding to nascent groups to enable exploratory meetings between potential member enterprises;
- the availability of specialist support consultancy upon request. It may be on a variety of topics, e.g. cultivation techniques, business plans, marketing and merchandising, management issues or securing funding;
- support for study visits to more established groups, and wider networking events on an occasional basis to provide insight into, and inspiration about, the opportunities associated with local food networks.

There have been a number of key findings from the project, the main one being that the partnerships (also referred to as "clusters" or "alliances") need to agree a common purpose, clear goals and concrete activities that are realistic and achievable. This might include improving shared access to limited resources, e.g. land & labour, or addressing issues such as marketing & distribution.

“Small and local” but also “open and connected”

It is clear that small, local enterprises can benefit from working collaboratively with other organisations in their locality. However it is also important to explore the benefits of collaborating beyond the locality – retaining the benefits of small scale operation and a local focus but opening up such initiatives to wider connections.

Such an approach draws on the idea of “cosmopolitan localism”¹¹, which denotes a balance between being rooted in a given community while being open to a global flow of ideas, information and people. As Manzini (2011) explains, the small and local initiatives within a particular place can become connected to both short and long networks:

“The short networks generate and regenerate the local social and economic fabric, whilst the long networks connect a particular place and community with the rest of the world.”¹²

This can of course include support for fair trade or the importing of culturally specific foods. However, there is a wider implication for community food enterprises – that collaboration should take place beyond the borders of a particular locality. In other words, a local economic system can become open and connected to ideas and partners in other areas and other countries. In particular, the recent development of information and communications technologies has led to the development and diffusion of “green” innovation and “social” innovation:

“new ideas (products, services and models) that simultaneously meet social needs and create new social relationships or collaborations. In other words, they are innovations that are both good for society and enhance society’s capacity to act”¹³.

This development and diffusion of innovation has been complemented by the development and wider adoption of distributed systems (as opposed to centralised structures). Rather than centralised production and standardisation and rules imposed from the centre, capacity and decision-making are distributed down – e.g. from managers to workers, from large corporations to citizens and consumers. Examples of such distributed systems include:

- Distributed forms of knowledge.
- Distributed power generation.
- Distributed manufacturing/processing systems.
- Distributed logistics infrastructure.

Such distributed systems could enhance the resilience of small and local initiatives and are a key rationale for adopting an open and connected approach. In relation to community food enterprises, there are a series of implications, which draw in particular on the benefits gained from clustering and multi-functionality:

- Innovation could be encouraged through the development of community food incubator programmes, ideally located locally – for example in a “food hub” – but also open and connected to a network of national and international incubators and design centres.
- The development of food initiatives can be linked to wider social innovation, so that “small and local, open and connected” food systems link with other facets of a community, thus becoming “a complex mix of material and immaterial systems where products, services, people and places are highly inter-connected in often unprecedented ways”.¹⁴

¹¹ Sachs, 1998; Morgan and Sonnino, 2010

¹² Manzini, 2011: 217

¹³ Murray et al, 2010

¹⁴ Manzini, 2011: 227

7

Conclusions



The food economy can be understood as a complex system with an enormous range of inter-acting variables, and the UK Government's own Forecast Report recognised that we face a "perfect storm" due to the combined effects of food poverty, diet-related ill-health, climate change, water shortages and land degradation. The role of the mainstream food system in contributing to these crises is not sufficiently acknowledged, with the causal effects to the environmental and health systems in particular left unacknowledged - as a result of failure to act on this feedback, the food system is poorly designed, poorly regulated and becoming less diverse and resilient.

The challenge is to support the "evolution" of sustainable, equitable enterprises within the food system – but this is difficult due to the prevailing goals, rules, information structures and feedback loops. Community food enterprises are important because of the unique way in which they mobilise social and environmental capital, not just human and physical capital, and the role they have played in catalysing not just a change in consumer buying behaviour but, more importantly, positive social change and "place shaping".

The social dimension of community food enterprises is a strength but also a potential weakness - it can help to mobilise resources, but it may make competing in a challenging economic environment more difficult. In addition, community food enterprises are locally embedded, and most would prefer to "scale deep" - increasing their reach within the local area - rather than "scale out" - i.e. expanding by moving into new areas.

The role of community food initiatives in shifting the food system towards a more sustainable, resilient and equitable path should be acknowledged and supported through a range of support measures, financial mechanisms and policy changes. Community food enterprises could be supported to collaborate, in order to access resources, improve operations, engage with consumers and enhance sustainability. "Scaling up" therefore equals "connecting up". However, it should also be understood that community food enterprises, working individually or together through collaboration, will not bring about the required changes in the global food system, and that a shift to sustainability and equity will also require action and policy change at national and international levels.



*Kindling Trust,
group leading
Manchester
Land Army
(see page 31)*

The Forecast for the Future research has identified 3 key ways in which community food enterprises can be supported in the future:

First, it is important to provide support to individual initiatives seeking to start up and/or attain viability. Such support should follow a systems approach, i.e. an understanding that a system relies on stocks (the “5 capitals”) which flow into an operations function – they are then transformed into a product or service for the benefit of the community (e.g. customers, the community or service users). A number of systems principles can be applied:

- Stocks such as natural capital should not be depreciated through use.
- Operations should be designed to be sustainable and ethical.
- Those who receive services can be more than just customers – they can be volunteers, members, advocates, investors, etc.
- The system should seek to operate on closed loop, circular principles, either recycling wastes or providing waste resources to other entities.
- The system should develop effective feedback loops, so that it becomes a learning organisation and so that transparent information is provided to service users.

These systems principles can inform support programmes, e.g.

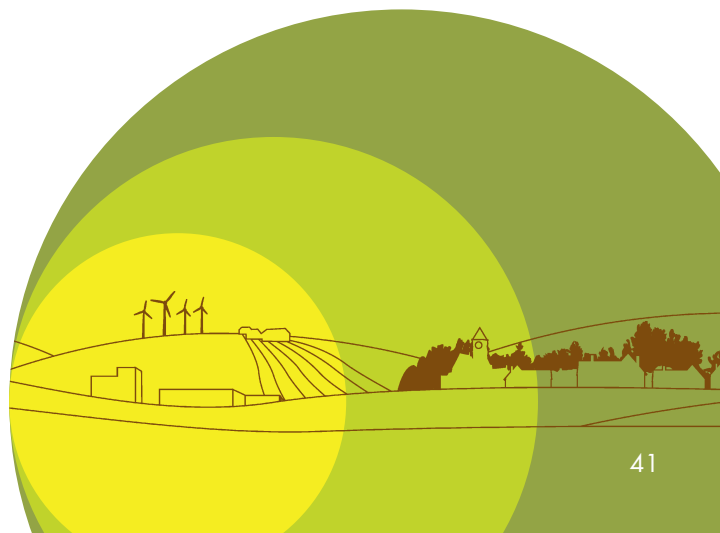
- Clarifying system purpose from the outset, and ensuring this forms part of the DNA of the organisation, through the constitution, legal structure, ethos and culture that are developed.
- Ensuring that stocks (the 5 capitals) are available to new start and expanding food organisations.
- Providing support for operations to become more sustainable, efficient and democratic, e.g. advice on application of the viable systems model.
- Providing support for engagement with consumers and communities, e.g. membership development, member education, community share issues, etc.
- Providing support for recycling and “circular economy” approaches.

Second, the viability of individual entities can be enhanced, through support for collaboration. This can also improve the overall impact of the community food sector, and can be thought of as “scaling-up through connecting-up”. This collaboration can take place in 4 areas:

1. Collaboration around access to the 5 capitals;
2. Collaboration to improve operations;
3. Collaboration around engagement with customers/service users;
4. Collaboration to improve sustainability through a “circular economy” approach, with different enterprises in a local food economy providing wastes which can be used as resources by other businesses.

Third, support for individual enterprises, and support for collaboration, needs to be seen in a wider context. It is important to support processes that seek to re-frame the goals and rules that govern the local, national and international food systems, and this could entail funding for food strategies, food action plans, food policy councils, etc. In addition, it is important, from a systems perspective, to support processes that address the reinforcing and balancing feedback loops in the food economy. Reinforcing loops include “success to the successful” processes that make it difficult for new entrants and smaller food entities to compete against the large, dominant companies. Balancing loops include strong competition and planning policies, and support for innovation and business start-up.

Finally it is important to recognise the importance of remaining “open and connected” as well as “small and local”, in order to benefit from the potential of innovation and distributed systems being developed beyond the immediate locality.



8

References

- Co-operatives UK, Development Trusts Association, Plunkett Foundation, RISE and Social Enterprise Coalition, (2008). *Social Enterprise and DEFRA's Objectives: An Agenda for Collaboration*. London: Social Enterprise UK
- Cox, E. and Schmuecker, K. (2010). *Growing the Big Society: Encouraging Success in Social and Community Enterprise in Deprived Communities*. Newcastle: Institute for Public Policy Research
- DEFRA, (2011). *Food Statistics Pocketbook*. London: DEFRA
- Fitzpatrick, I. and MacMillan, T. (2010). *Making Local Food Work: influencing consumer buying behaviour*. Oxford: Making Local Food Work Programme
- Horrell, C., Jones, S., and Natelson, S., (2009). *An investigation into the workings of small scale food hubs*. London: Sustain
- Johanisova, N., (2005). *Living in the Cracks: A Look at Rural Social Enterprises in Britain and the Czech Republic*. Dublin: Feasta.
- Manzini, E., (2011). *SLOC: The Emerging Scenario of Slow, Local, Open, Connected*. In S. Harding, ed. 2011. *Grow Small, Think Beautiful*. Edinburgh: Floris Books. Ch. 17.
- McCartney et al, (2012). *Financing the community food sector*. London: Sustain
- Meadows, D., (2009). *Thinking in Systems. A Primer*. London: Earthscan
- Morgan, K and Sonnino, R (2010) *The Urban Foodscape: World Cities and the New Food Equation*. Cambridge Journal of Regions, Economy and Society. Volume 3(2), pp.209-224
- Murray, R., Caulier-Grice, J., Mulgan, G. (2010) *The Open Book of Social Innovation*. London: NESTA
- Sachs, W., (1992). *The Development Dictionary*. London: Zed Books
- SERIO, (2012). *The Value of the Community Food Sector – The Economic Impact of Community Food Enterprises*. Plymouth: Plymouth University

Prepared and published by:**Making Local Food Work**

Published: September 2012

Principal author:

Tim Crabtree, independent consultant

Co-authors:

Kevin Morgan, Cardiff University

Roberta Sonnino, Cardiff University



With thanks to all the many contributors who generously shared their knowledge and time and have helped shaped both this report and the earlier working papers

Making Local Food Work

(www.makinglocalfoodwork.co.uk) was a five-year £10m programme funded by the Big Lottery Fund through its Changing Spaces programme and delivered by the Plunkett Foundation. It helped people to take ownership of their food and where it comes from by supporting a range of community food enterprises across England.

Making Local Food Work pooled the expertise of seven partner organisations including Co-operativesUK, Campaign to Protect Rural England (CPRE), Country Markets Ltd, National Farmers' Retail Market Association (FARMA), Plunkett Foundation, Soil Association, and Sustain to help communities gain access to good, fresh, local produce, with clear origins. It supported over 1,600 enterprises to become more sustainable, which in turn supported 10,000 volunteers, 6,000 employees and reached over 3.8 million customers in England – over 6% of the population



Making Local Food Work

Plunkett Foundation
The Quadrangle
Banbury Road
Woodstock
Oxfordshire
OX20 1LH

T: 01993 810730

E: info@makinglocalfoodwork.co.uk

www.makinglocalfoodwork.co.uk

@PlunkettFoundat

Plunkett Foundation

Registered company number: 00213235

(England and Wales)

Registered charity number: 313743

