Soil Association

Setting up an organic buying group

Making local food work

LOTTERY FUNDED

Contents

What is an organic buying group 3

Benefits to members 3
- Affordability
- Social benefits
- Access to special food
- Convenience
- Supporting ethical food production

Benefits to farmers and producers 3
- Increased income
- Predictable income and improved cash flow
- Outlet for hard-to-sell produce
- Simplifying the farm operation
- Social benefits and other support
- Marketing

How to find a supplier 4

How to set up a buying group 5
- A good system for ordering, paying and collecting
- An agreement with the supplier
- A delivery method
- A suitable delivery site
- Trading standards and environmental health
- A bank account
- Equipment eg. Scales, freezers etc
- Insurance
- VAT

Finding members 6

Who does the work 7

A structure for the group 7

Other activities 8

The Soil Association is very keen to explore the potential for buying groups to team up with local producers to create new local food opportunities. Local groups interested in establishing a buying group can get further information and advice through our Community Supported Agriculture and Organic Buying Groups project. Contact the Information Officer on 0117 914 2424 or adaniel@soilassociation.org.

What is an organic buying group?

An organic buying group is a group of people who regularly buy organic food together. The group can be a handful of people, or much larger. It can buy fresh produce such as meat or vegetables, or dry or canned goods. Group members usually live nearby and share a delivery between them. They have at least an informal agreement between them about how things are organised, and sometimes have a formal legal structure such as a co-operative.

As a community project or co-operative organisation you may be eligible for some grant support. See the resources section – *Finding funding and support*.

Benefits to members

There are many different reasons why people belong to organic buying groups:

- **Affordability.** The price paid to farmers for their produce is usually much less than the price we pay in the shops. This is because the wholesaler, distributor, and shopkeeper are earning a living too, not to mention the cost of packing, fuel for transport, advertising etc. Some buying groups are supplied in bulk direct by farmers and benefit people who would otherwise have difficulty in accessing organic food.
- **Social benefits.** Some buying groups are social groups, who meet for meals or social occasions. Members get to know their neighbours and feel more at home in their community. Some also have good relationships with the farm or producers. In some cases, these relationships provide a positive and informative way to change eating habits, perhaps by sharing recipes, understanding the issues on the farm, including children in the organising, providing paid or unpaid work for people who gain new skills, sharing health information etc
- **Access to special food.** Some buying groups are able to obtain food that is not available on the supermarket shelves because it is produced locally, in small quantities, from rare breeds or local varieties.
- **Convenience.** Buying groups take some organising but some people find that a regular delivery is more convenient than going shopping.
- **Supporting ethical food production.** Buying groups can be a vital part of a local or ethical food system. They can commit to supporting a principled farmer or producer and reduce food miles. Sometimes a buying group is essential for the survival of an organic farm. Many members are delighted to understand where their food comes from and even to be able to walk around the farm.

Benefits to farmers and producers

- **Increased income**. Many organic farmers, especially small ones, struggle to survive in a hostile global economy, driven by finance rather than principles. The price they receive for their produce is usually determined by global events, and driven down by availability of cheap, imported, mass-produced food. The retail price is much higher than the price paid at the farm gate. Buying groups can offer to pay less than shop prices, but still offer the farmer a higher price than they are used to.
- **Predictable income and improved cash flow.** Most farmers plant crops at the start of the season without knowing what price they will receive per ton at the end of the season. In some cases,

crops are planted without confidence that anyone will buy the produce. Cost of production and income is not evenly spread over the year. Buying groups can commit to paying up front or regularly, and can order in advance and provide farmers with a secure market.

- **Outlet for hard-to-sell produce.** Every farm produces some food that is hard to sell elsewhere. For example, supermarkets set very strict specifications and reject vegetables that don't meet them ie. If they're the 'wrong' shape or size, or are ready at the 'wrong' time. Small organic meat producers can sell steaks to caterers, but need a market for other cuts such as mince.
- **Simplifying the farm operation**. In general, farmers are skilled and motivated to farm whereas doing the necessary marketing and distribution can be expensive and awkward distractions. Many wish for a simple, reliable buyer such as a regular buying group. The farmer may need to support a buying group, but ideally the buying group will organise itself and keep demands on the farmer to a minimum.
- **Social benefits and other support.** Farming can be a very isolated profession and most farmers have no contact with the people eating their food. A relationship with a buying group therefore provides community links and especially suits those farmers who are fairly outgoing. Some find unexpected rewards in working with a buying group. This can even extend to help on the farm, loans etc
- **Marketing.** Buying groups mostly recruit members by word of mouth such as neighbours, friends, family and colleagues etc. Once a group has developed a close link to the producer, they are able to inspire others in the merits of the produce and direct link to the farm. They can also provide useful feedback about new products.

How to find a supplier

If you are thinking of setting up a new buying group, it would be worthwhile looking for potential suppliers beforehand and approaching them with your idea. Your group will need to match their size, and suit their business. If they are used to dealing in tons and you want kilos, they may not be interested. You will need to speak with them in some detail about how the arrangement will work. Unless you approach a small mixed farm, it is unusual to find a farm that produces a large range of food, so you may need to source from several farmers if you want to buy fruit, vegetables, eggs, poultry and meat. A few groups have arranged for farmers to grow produce especially for them; others have leased their own land and employed a grower to produce food for the members (for more advice on this arrangement which is known as community supported agriculture, see www.soilassociation.org/csa)

The following is a list of places to look for producers and suppliers:

- **The Organic Directory**. See www.whyorganic.org
- You could ask local retailers whether they could make an arrangement for your group. For example, many box scheme operators will be delighted to deliver boxes to one location such as a village shop, pub or wholefood shop.
- **'How to source local produce'**. The Soil Association's briefing sheet lists places to find local food. See local sourcing in www.soilassociation.org/library
- **Farmers' markets**. It may be worth asking producers who attend farmers' markets whether they would be interested in supplying big orders at a discount price for you to collect from them on market day.
- **Essential and Suma**. These are wholefood co-operatives supplying organic and ethical products. Contact them directly to see if an arrangement is possible in your area. You may be able to combine a drop off with an existing buying group which they supply in your area.

- **Demonstration farms**. The Soil Association has a directory of farms that are open to the public. They have farm trails, open days and on farm celebrations . Many of them sell direct to the public through a farm shop or farmers market, and may welcome another direct outlet. See www.soilassociation.org/farmvisits
- **Community Supported Agriculture (CSA) schemes**. There are a number of established CSAs and many new ones being set up which are looking for members. See www.soilassociation.org/csa to find out if there is one in your area.

How to set up a buying group

Buying groups can be set up by individuals, community workers or farmers.

The first step is to form a fairly clear idea about what you would like to do, and to publicise it to potential members and suppliers. You will then need to make an effective plan with them about how to proceed. Please see the previous pages in this action pack, and the Soil Association toolkit *Organisational structures for local food enterprises*, for more help with this.
You will need

- **A good system for ordering, paying, and collecting**. A written agreement about this might be helpful. You may like to consider

  - a deadline for payment before the food arrives,

  - a well-publicised deadline for orders,

  - writing an order form,

  - a deadline for collecting food once it has arrived,

  - and a minimum and maximum order size.

  Try to minimise the number of times an organiser or supplier gets bothered with phone calls, especially the farmer.

- **An agreement with the supplier**. You will need a clear agreement including

  - delivery frequency,

  - payment time,

  - price,

  - minimum and maximum order size,

  - whether the farmer will commit to meeting your order even if a better market presents itself,

  - duration of agreement, etc.

  It might be best to have a written agreement, even if it is between friends.

- **A delivery method**. You may be able to collect produce in a member's car, bicycle trailer, or tag on to an existing delivery run. For large orders some producers may be willing to deliver to your door. It is unlikely to be worthwhile purchasing a vehicle for a small group, but you may be able to pay a delivery company to collect for you.

- **A suitable delivery site**. You will need to consider access (eg for delivery lorry, wheelchairs etc), security, safety (eg for children) and parking. Solutions might include a shed at the community centre with padlock keys for members, a member's garage, a workplace, or a shop.

- **Trading standards and environmental health advice**. You will need to contact your local council for advice about your legal responsibilities to provide safe and fairly-sold food if you are dealing with the public. Environmental health considerations might include such things as whether rats can enter your delivery area, whether hand washing facilities are needed, and whether food is

sufficiently fresh. Regulations for meat are particularly stringent, especially if it is not pre-packed. You will need to keep it cool at all times. Frozen meat can be easier to deal with than fresh meat. Trading standards regulations include use of accurate scales (these can be expensive), and correct labelling.

- **A bank account**. You may be able to manage with cash, or ask members to write cheques to the supplier. Some buying groups need a bank account. If you do, you will need to decide who can act as a signatory. It may be safer to have several signatories, and to require at least two of them on a cheque. If something goes wrong, you may regret using a member's personal account. Ask the bank about their requirements for a group account. Consider using an ethical bank such as Triodos or the Co-op Bank, who may have social accounts for this kind of enterprise.
- **Equipment, eg scales, freezers etc**. Depending on what you are ordering, you may need scales, freezers, a trolley etc. You will need to pay for these, perhaps by asking members for a returnable contribution. In low-income areas, a grant might be available - see the resources section *Where to find money and support*. The supplier may be able to help.
- **Insurance**. If you are operating on a small informal basis with friends, insurance is probably not an issue. If you grow and the enterprise becomes more commercial, you will need to get product and public liability insurance as a minimum. Contact your local Business Link for guidance.
- **VAT**. You must register for VAT if:

- at the end of any month the total value of the taxable supplies you have made in the past twelve months or less is more than the current threshold of £60,000, and
- at any time you have reasonable grounds to expect that the value of your taxable supplies will be more than the current registration threshold (£60,000) in the next 30 days alone.

However, you can register for VAT voluntarily. For most food products you will not be charged or have to charge for VAT, but you will be charged VAT for other goods and services, including capital items such as scales and freezers. If registered, you are quite likely to be able to reclaim this VAT. Again talk to your local Business Link, or visit the HM Revenue and Customs website (www.hmrc.gov.uk) for more information.

Finding members

See *Getting started – How to recruit and support members*. (www.soilassociation.org/localgroups)

Some buying groups comprise a group of friends. Others are formed from a circle of people interested in an organic farm, such as farm shop customers. If you are starting from scratch, try putting up notices in your local neighbourhood, telling everyone you know, write a newspaper article, or tell local community workers and community groups. Some areas have '5-a-day' workers who can help with fruit and vegetable groups - see www.5aday.nhs.uk. You might find that a group of people with existing connections to each other will function well - for example a group of parents from your child's school, or a group of colleagues from your workplace.

Some existing Soil Association local groups might be interested in developing a buying group (see www.soilassociation.org/localgroups).

You will need to consider a maximum and minimum size that is practical for your group. You may wish to reserve places for particular people, such as those on a low income. You may wish to ensure that it is socially and practically easy for all kinds of people to join (eg by advertising in a diversity of places, meeting at convenient times, eg during or outside office/school hours, or allowing children to come to weekend meetings etc). It may be easier for some people to spread payments over a period of time. You may also need some guidelines about who will be barred from the group (eg members with an unpaid debt to the group) and how ejection will be managed.

Who does the work?

A buying group needs good organisation. Orders need to be collated, money needs to be collected, the bank statement checked, an order made, liaison with the suppliers maintained, deliveries signed for, cleaning needs to be done, and phoning etc. The work needs to be done by reliable people, and the money must be handled by someone trustworthy and accurate. All this may become bothersome to a volunteer after a while.

Some buying groups require members to take turns with the tasks on a rota. This works best if there are sheets explaining how to do each job. Other groups pay the worker in some way, perhaps in cash, or free food. It is unwise to rely on one volunteer to do all the work, and this should be taken into consideration when the group is first planned.

It may be helpful to have an explicit policy on expenses such as phone calls and petrol. Many members may not need to claim for small amounts, but a few may and might be embarrassed to ask.

A structure for the group

Many buying groups are informal with no legal constitution. This can work well where the risks are minimal, eg a small group of friends. However, without a legal constitution, individuals may be personally liable for mishaps, eg food poisoning, accounting mistakes, unexpected costs. It takes some thought to take on a legal structure and there is a fee. Several different forms may be suitable, eg a co-operative. For more help with this, see the Soil Association toolkit *Organisational structures for local food enterprises* (see: www.soilassociation.org/csa).
In any case you will need to be clear about who takes decisions and when. Will you have meetings, voting, a leader?

Example types

The form your buying group takes will be determined by your circumstances and aspirations. Below are some different examples.

- **Wholefood co-ops**

Wholefood co-ops have been around for many years. They tend to be quite small and simple and order non-perishable goods direct from a wholesaler at wholesale prices, usually delivered to one of the member's homes, from where other members collect.

Example - Groovey food co-op

Groovey food co-op consists of about six households who order about £50 per month each of wholefoods from a wholesaler. They meet for beer and a meal at one of the member's houses and fill in home-made order forms from the wholesalers' catalogues. They each write a cheque for the anticipated amount. One member phones the wholesaler with the order. Another pays the cheques into the bank account. It is delivered to another member's house, who pays the wholesaler by cheque on delivery. Members call to the house to collect their food in the following few days. This requires a car. The delivery household can get fed up with uncollected items cluttering up their kitchen. Members take it in turns to work out the actual amount owed or owing by each person after delivery - some items will have changed in price, or will not have been available. This is a fiddly job, which always seems to come to a few pence wrong. Members usually add or deduct this amount to their payment at the next order. The group is legally a Co-op and has its own bank account.

Whiteholme Organic Network (WON)

Whiteholme farm moved its marketing beyond selling produce direct to consumers, which it had done for some time, to develop a farm-scale community food project model, which involved more customers getting the farm's meat to their tables.

To launch the community food project the farm wrote to its existing customers and ran four local meetings, which were advertised in the local press and on posters. Radio 4 took up the story and the farm has since been featured in programmes.

The farm recruited around 40 members to the project. Each member makes an annual financial commitment to support the farm. Monthly orders are set up from members' accounts to the farm. The entry level is £10 per calendar month. Members place orders for meat against their monthly charge. One of the scheme's members is an accountant. She is the scheme's treasurer and keeps a tally of members' monthly payments and meat orders. Twice a year she sends out statements notifying members of their balance. Members then know how much meat they can still buy. The members are assured of a regular supply of the highest quality organic meat from a farm that they know. The farm is assured of a regular monthly income and can plan its future accordingly.

The farm considered food miles, traceability, sustainable packaging, and organic standards in the way it works. The previous absence of a local organic butcher and the availability of grants led to the setting up of an on-farm butchery and processing unit in a converted barn using equipment bought from a butcher's shop that was closing down. A semi-retired butcher works two days a week, cutting the meat and training the farmer. People are able to order any cut they like, and a variety of sausages and burgers are made on site. All the meat from the farms is sold directly to customers either through the community food project or through local farmers' markets.

The farmer delivers meat orders to agreed drop-off points (from which members are able to collect them) in the same refrigerated van that he uses for the weekly run to a small family-run abattoir in Lockerbie, when he is able to collect the carcasses from the previous week's run.

In the year 2003-2004 the farm saw its turnover increase from £40,000 to £80,000. They hope in time to build to a turnover of £100,000. The biggest barrier to the scheme's growth is available working time. There is so much more to the scheme than farming. Marketing must be done regularly, often through newsletters and the website. Spending time on the packaging and presentation of your produce is very important. Then there are farmers' markets to go to, trips to and from the abattoir and deliveries to make.

The farmer's top tip is to start slowly. Begin with family and friends, use a local butcher, learn how much there is to know and do. Only then will you know how you feel about growing your project and investing time and money in it. If you consider running your own butchery there is a lot of red tape to deal with but don't be defeated by it. All necessary information and advice is available from your Environmental Health Officer. It makes sense to involve them from the start.

Other activities

Many buying groups just buy food. Some develop other interests such as visiting organic farms, organising local organic lunches, campaigning on organic food issues, etc