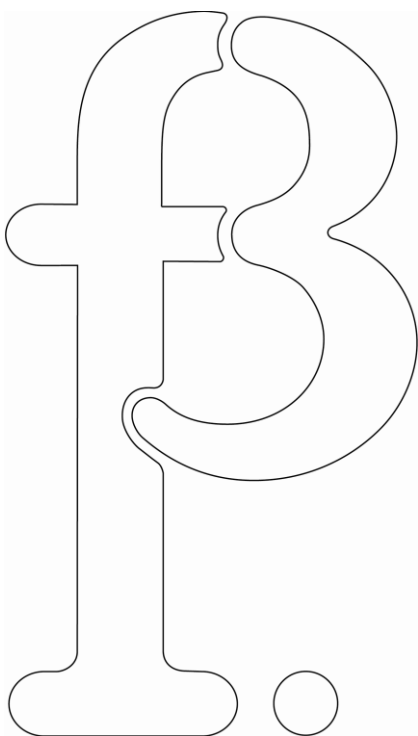


Collaboration between community food enterprises and the private sector: Exploring the potential

for Making Local Food Work

Appendix: Case Studies

July 2012



This Appendix contains case studies in more detail, referred to in the main report:

**Collaboration between community food enterprises and the private sector:
Exploring the potential**

Published under the Making Local Food Work programme, in July 2012

Download at www.makinglocalfoodwork.co.uk/resources

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United Kingdom Case Studies

1. Aldingbourne Trust and West Sussex County Council



Context and purpose of partnership

Aldingbourne Trust is a charity and social enterprise based in West Sussex providing employment in the local community for people with learning disabilities, support services to help individuals develop new skills and opportunities for independent living. It was established in 1978 and now employs 227 staff, 16% of whom have a learning disability. In 2010/11 for its WorkAid contract with the local authority, it provided supported employment for 389 people, while its social enterprises based at the Acorn and Aldingbourne Centres provided opportunities for 147 people to train in their cafés, conference facilities, wood recycling, furniture restoration, horse rug washing, open farm, organic fruit & veg production enterprises. The Trust's enterprises include:

- **Acorn Centre** – a vocational training centre that through partnerships and community projects provides students with learning disabilities options to gain work experience and qualifications. It has a horticultural unit producing veg and salads, a **cafe** and shop.
- **Aldingbourne Country Centre** – a visitor centre with **cafe, conference facilities**, craft shop, open farm and woodland walk. There are craft workshops and a horticultural unit producing container plants, bedding, shrubs and trees.

- **Wood Recycling Service** - diverts commercial wood waste from landfill for sorting and sale to the public, helping trainees learn about the environment and commercial sector.
- **Residential Services** – providing a range of supported housing options for tenants.
- **'Drop-in' Centre** – offering information, advice and guidance to people with learning disabilities to help them develop skills, knowledge and confidence for independent living.

The Acorn Centre has experience of working with local partners including Southern Rail, Chichester College, Glaxo Smith Kline, Parham House, Sussex Police and Newick House School. Projects include planting and maintaining floral displays at train stations, enhancing private and communal gardens and developing local land. Its Community Team undertakes projects that improve the local environment and help develop trainees' horticultural and landscaping skills. Income from these activities is reinvested to support the aims of the Trust.

Motivation for collaboration

In the context of increasing demand and diminishing resources for social care, the Aldingbourne Trust has identified both opportunities and challenges. With changes in the funding eligibility for people with moderate needs and reductions for many others, the Trust is seeking innovative ways to ensure people continue to be supported. The Trust has reviewed its activities and costs and identified that its social enterprises have become more important as they generate income as well as learning and training opportunities.

*"We are continuing to look at ways we can be less dependent on statutory funding – **we are interested in developing more social enterprises** and are focusing on the Country Centre, the Acorn and a new building to replace our drop in at Number 64, to offer more opportunities to the people we support." Sue Livett, Managing Director*

The Trust's annual report for 2011 states '*we need to do more with less, which means doing things differently*'. In 2010/11 its annual turnover was £4.5 million, 27% for government funded training services, 6.5% from sales of products and services. To strengthen financial viability the Trust introduced new financial systems and monthly tracking, implemented a Marketing Plan to increase visitor numbers and sales from its Country Centre, where it has improved facilities with grant funding. In 2010/11 trading income from its social enterprises represented 27% of the Aldingbourne Country Centre's income. The Trust has employed a new catering instructor at the Acorn Centre with an entrepreneurial approach towards new training opportunities. **Catering is one of the most popular activities among trainees.**

West Sussex County Council has adopted a policy of closing smaller local offices and centralising their activities in larger offices. Their Bognor Regis office currently has 350 staff which will be increased to 500 over the coming year. Their in-house canteen was being managed by a private contractor but they were unable to generate a commercially viable turnover and closed in April 2011. Causes for this business failure include a Tesco outlet next door which offers cheap 'meal deals' and staff bringing packed lunches.

The Council were aware of the Trust's work as their trainees have been working at the Bognor offices on WRVS projects. **The Council offered the opportunity to manage their canteen to several charities.** The Trust secured the contract and regards this as an opportunity to expand their training and employment opportunities with defined risk and minimal overheads. A flexible contract has been agreed and the canteen will open in March. The Trust has experience of operating successful cafes and catering services for its visitor

centres and conference facilities. It identified the main challenge as attracting council staff to use the canteen after it had been closed for almost a year. Their solution includes investing in specialist catering equipment for their trainees and a high quality coffee machine so that the aroma of freshly ground coffee will attract customers. They plan to offer a service taking orders by phone or email with deliveries direct to offices and desks.

Partnership arrangements

A flexible contract is in place between the Trust and the Council to manage the canteen as a social enterprise which delivers healthy meals to staff and work experience for trainees.

The Trust will employ a Manager and support staff to work with trainees. The canteen will be open 5 days a week and provide placements for 5 trainees each day, who will have previously received catering training at the Trust's Country Centre. The intention is to develop the canteen into a successful social enterprise that generates extra income for the Trust, offers work experience for trainees and, in the long term, provides paid employment for qualified trainees.

Benefits:

- A public sector catering contract provides the Trust with an opportunity to expand training and employment for people with disabilities with minimal risk or overheads. The Trust receives payment from the local authority – either directly or via the 'personal budget' of trainees for providing training and work preparation placements.
- The partnership with the Trust benefits the Council by delivering an affordable solution to managing the staff canteen, which also delivers social care and inclusion.
- Research by Demos indicated that for every £1 invested in social care over £3 is saved.

Lessons:

- Unlike a private caterer the Trust does not need to make immediate profit from the cafe – but it intends to build the business to generate extra income for the Trust and provide sheltered work placements and employment for its trainees. The canteen catering contract delivers mutual benefit to both the Trust and West Sussex County Council.

2. Community Food Enterprise Ltd, London



Context and purpose of partnership

Community Food Enterprise (CFE) is a registered charity based in East London on Thameside Industrial Estate. As a member of the London Food Board CFE works to improve access to local food for all Londoners and assists with the development and implementation of the London Food Strategy. It is a member of London Food Link and Newham Food Access Partnership. It has a dual mission that combines reducing food poverty by improving access to food - with increasing the supply of healthy foods. Part of its aim has been to address market failure and 'fill the gap' by sourcing and supplying high quality fresh foods at affordable prices. Previously there was a limited supply of fresh fruit and veg sold by retailers in Newnham, often of lower quality at high prices.

CFE believes that everyone in the community should have access to food and drink that is *'safe, nutritious, affordable and accessible'*. It was established by local residents aiming *'to develop a viable and sustainable community food enterprise that will provide training and employment opportunities for members of the community'*. Its mission is to work with the diverse communities of East London to safeguard and sustain community health and wellbeing by improving access to healthy food and understanding of healthy eating through education, training and outreach. CFE is committed to enabling *'market-based food access solutions'* resulting in its 'community food enterprise business model'. It is a 'food beacon project' providing training, capacity building and local employment.

CFE has succeeded in increasing local people's access to fresh fruit and vegetables at lower prices through its distribution network, local projects and training including:

- **Newham Food Distribution Hub** - to improve efficiency and expand their services CFE improved its warehouse facilities with a cold store, racking and fork lift truck. They acquired a 7.5 ton lorry and employ a Warehouse Manager.

- **Food Outlets** – selling fresh fruit and veg via market stalls in two London boroughs and providing a Mobile Food Store (MFS) service in Newham, Waltham Forest and Redbridge to target communities in ‘food deserts’.
- **Distribution Network** – supplying fruit to nurseries and schools, produce for schools’ lunches, fruit and veg to community organisations, provisions for breakfast clubs, fresh produce to community cafes, delivery of fruit & veg bags.
- **Juice4Life** – piloted Mobile Juice Carts in schools.
- **Healthy Eating in the Workplace project** – recruited local corporate organisations including eg. London City Airport.
- **National Training Programme for Community Food Workers (NTP)** – delivered in 4 popular units with 76 learners gaining accreditation in 2008/9.

CFE was incorporated in June 2003 and granted charitable status in 2006, after being founded in 2002 by members of West Ham & Plaistow New Deal for Communities. It has 5 trustees who are also Directors and responsible for direction and policy, strategy and planning. Daily management of the company and its services is the responsibility of the Chief Executive and his management team. It secured capital grants for equipment and revenue grants to support staff costs. It offers consultancy services and its successful business model to the community food sector and has won awards for entrepreneurship.

Motivation for collaboration

Since 2008/9 the recession has proved challenging for CFE. Funding is uncertain from year to year and it has a small reserve to cover short term operating costs and liabilities. Operation of its Social Food Outlets was threatened due to difficulties securing funding for this strand of work, resulting in these outlets being suspended for several months. They resumed operations on a smaller scale with new funding but require investment in marketing and advertising. In response CFE has been developing Service Level Agreements with Councils and Health Authorities and Collaboration Agreements on food access, ‘healthy eating’ education and affordable fruit and veg with Newham Food Access Partnership, Primary Care Trusts, Social Landlords and educational institutions.

Partnership arrangements

CFE works with partners including Tate & Lyle and East Thames Group. It has benefited from donations and in-kind support in Accountancy, Corporate Finance, Logistics, Distribution, Warehousing, IT, Executive Mentoring and recruiting Board Members.

Tate & Lyle - has an active corporate responsibility agenda with a mission to *‘play a positive role in all the communities in which we operate’* and to be a *‘force for good’* in these localities. The Group is a significant employer and many of the businesses that now form part of its operations have been rooted in the communities in which they operate for more than 100 years. The objective of its **Community Involvement Programme** is to *‘establishing strong, safe and healthy communities by investing time and resources into projects that directly address local needs’*. It achieves this aim by building long-term relationships with selected local partners. The intention is for mutual benefit for both the Group and the communities in which it is an employer operating processing and production plant. Each year they support more than 200 organisations, including established charities and start-up community organisations. They select projects that *‘target local needs and deliver positive impacts’* so work with communities reflects their broader responsibilities. This

support includes funding, employee volunteering, consultancy, donation of products and equipment and for selected partners including CFE, free use of the Company's warehousing and office facilities.

Tate & Lyle has an active **Company's Charitable Donations policy** and in 2010/11 its worldwide charitable donations were £346,000. CFE was chosen as a local charity that shared its objectives towards 'healthy communities' and 'local needs'. Tate & Lyle provides warehouse and office facilities free of charge, plus professional expertise in business development and marketing. The Group spreads its giving across selected sectors: Education 50%; Environment 25%; Health 15%; Arts 10%. In addition, they offer match funding when employees raise money for local charities and projects.

Tate & Lyle's Community Involvement Programme and its community partnerships are supported and partly delivered by an active **Employee Volunteering Programme**. The Group regards the benefits of volunteering as twofold, as it delivers professional skills and experience into communities that corporate funding cannot achieve alone, alongside offering personal development opportunities which benefit employees. Tate & Lyle encourages its employees to volunteer with their local communities, for example giving time and expertise to local charities, helping at local schools or clubs for young people.

ExCeL London – manages the city's largest conference and exhibition venue, it is involved with the regeneration of Newnham and the Olympics legacy - 25% of its employees are from the borough. It has worked in partnership with CFE since 2007. It helped launch the Juice4Life (J4L) project to improve the nutrition of teenagers in the Borough, along with working with schools to help them run the mobile juice units as a business. This programme runs until 2012 and will enable CFE to expand its work in the community by supporting the Healthy Schools Programme, reducing health inequalities by providing healthy drinks at affordable prices.

Benefits:

- **CFE dual mission** - reducing food poverty and improving access to food by increasing the supply of healthy foods. To address market failure part of its aim has been to 'fill the gap' by sourcing and supplying high quality fresh foods at affordable prices. Before CFE was established there was a limited supply of fresh fruit and veg offered by local retailers which was often lower quality produce at high prices.
- **Newham Food Distribution Hub** - featuring improved warehouse facilities and cold store, racking and fork lift truck, delivery lorry and experienced Warehouse Manager.
- **Food Outlets** – selling fresh fruit and veg via market stalls in two London boroughs and a Mobile Food Store (MFS) in Newham, Waltham Forest and Redbridge to target deprived communities in 'food deserts'.
- **Distribution Network** – supplying fruit to nurseries and schools, produce for schools' lunches, fruit and veg to community organisations, provisions for breakfast clubs, fresh produce to community cafes, delivery of fruit and veg bags.
- **Juice4Life in Schools 2009/10**– mobile juice cart in 3 schools from September 2009. Students on the pilot learnt to operate the juice bar and took part in the National Training Programme on Food and Health, Food Choices and Trends, Managing a Food Enterprise. The aim is to: promote healthy eating amongst students; support schools' work on health education; encourage team work; enable students to develop business skills; develop young business leaders.

- **Juice4Life in the Community** – as part of its community engagement programme CFE attends community and corporate events to offer customers a range of freshly prepared juices and smoothies eg. Barking and Dagenham PCT, Newnham Town Show, healthy eating event with Newnham PCT, Tate & Lyle and Excel staff events.
- **Healthy Eating in the Workplace** – recruited local organisations eg. London Airport.
- **National Training Programme for Community Food Workers (NTP)** – CFE delivers a training programme in 4 units for community food workers.

Lessons:

- **Corporate Social & Environmental Responsibility (CSER)** – Tate & Lyle delivers elements of its corporate responsibility agenda through its Community Involvement Programme, partly delivered through active employee volunteering with community projects and local charities. It has provided CFE with warehouse and office facilities free of charge, combined with pro bono commercial and marketing expertise.
- **Tate & Lyle's gift of free premises** - resulted in CFE not only working in partnership to improve 'access' to healthy fresh food for local communities along with delivering education and training in healthy eating – but has drawn CFE into becoming a 'distributor' of bulk foods to community organizations and schools and through retail sales to local residents via its market stalls and mobile food van. This could be seen as '**mission drift**' in response to commercial opportunities.
- **Service Level Agreements** – in order to build a sustainable food enterprise with reliable income CFE has sought to secure Service Level Agreements with Local Authorities and PCTs to complement grant funding, which has been unpredictable. Unless a growing food enterprise has substantial reserves, if it is engaged in buying fresh foods in bulk, it needs to manage its overheads and risks carefully.

3. Cwm Harry, Wales



Context and purpose of partnership

Cwm Harry was established in 2000 as a charity and company limited by guarantee to build local economic resilience by combining enterprise in food growing and retail with waste collection and composting. It launched Cwm Harry Food Company in 2010 and is piloting a 'Zero Waste' project. It collects food waste from households and businesses along with managing a composting plant. The Trust re-invests profits in developing local projects.

In 1998 in its early years, the founders of the Trust managed a Community Supported Agriculture project where green waste was collected at Tregynon by volunteers, composted and used to grow local food which was distributed through a box scheme and 'veggie bag' scheme. Based on this experience the Trust built its food waste collections and composting services into a larger scale business. Their food waste service now employs 17 local people full time and part time, collects from 12,000 homes and produces hundreds of tonnes of compost each year. In contrast 'veggie bag' sales remained low and the Directors realised they needed a new business model to expand veg sales into a profitable regional venture.

Cwm Harry Food Company - was established as a CIC in 2010. Their initial local food growing enterprise began in the late 1990s and provided a foundation for a veggie bag scheme and community composting, which led to larger scale waste collection and processing with a service level agreement for Powys County Council. It developed the land at the back of its premises on the Vastre Industrial Estate in Newtown into a productive organic garden. The raised beds produce spinach, French beans and mizuna. Poly tunnels extend the growing period and Cwm Harry heats the polytunnels using the heat generated by their composting process. The backfield is a community resource where volunteers can get involved in growing and learning new skills. The Trust has an allotment which produces salads for the veggie bags. Its activities provide an educational resource linking food growing with food waste collection and composting to demonstrate the fertility cycle.

Cwm Harry employs 3 staff to promote local growing and sells local, seasonal and organic produce through their veggie-bag scheme. The team buys produce from local producers supplemented by goods from the Organic Fresh Food Company in Lampeter. Customers include 50 recipients of home delivered veg boxes, 4 food retailers and Deli, plus hotel and restaurant. The bag scheme is becoming a 'trading post' for fair traded products. Customers can order eggs and fruit in season and there are plans to supply local beef, lamb and cider. There is a range of bag options to suit households' needs, the cost of bags includes delivery.

Motivation for collaboration

Cwm Harry Food Company - works with Powys Growers' Group to develop a market for their produce and make local food more available. The veggie bag scheme encouraged more local growers to get involved and plant a wider range of seasonal produce by offering them a market for their crops, making production more competitive. A typical bag contains produce from several growers, Newtown allotment, Llandyssil and other sources according to season.

Cwm Harry is promoting buying and eating more fresh local produce to residents and visitors but the barrier has been the limited supply of fresh fruit and veg in mid Wales. So the team has engaged local growers and farmers with producer meetings to help build the supply and sales of local fresh food in the area. Currently, Powys supplies only 2% of horticultural produce to meet local demand as Welsh farmers are focused on producing lamb and beef in response to EU subsidies. Cwm Harry Food Company has been working with its network of growers and farmers for 6 years to build supplies of fresh veg including potatoes and root veg, onions and garlic, beans and salads. They collect unwanted fruit crops like apples to add to their fruit and veg boxes. To supplement their range they work with the Organic Fresh Food Co in Lampeter that offers wholesale fair-trade goods and organic produce including cauliflowers and early salads, herbs and dairy products.

To expand commercial sales the company needs to source field-scale vegetables and have been negotiating with 5 local growers and considering leasing farmland for larger scale growing. The company has to build its customer base to be able to offer growers sizeable contracts. In response it is developing **Montgomeryshire Food Co-op** to strengthen the supply chain and markets for local food. Cwm Harry's Directors realised they had not found a route to expand their veg sales into a regional and profitable venture. They decided the Trust could not continue to subsidise its veggie bag sales without a business plan that would deliver long term financial viability. In 2010 Cwm Harry undertook market research among community food enterprises to identify the barriers to growth for veggie bag sales and located other enterprises in the sector struggling to expand sales. It appeared growers and producers faced common challenges in marketing, distribution and storage. To develop local food production they needed to improve the supply chain for producers in mid Wales.

Glasu funded Cwm Harry to research ways to develop Montgomeryshire food sector. Consultation with producers identified problems with the supply chain including the lack of time for marketing, costs of distribution, lack of storage space and low market demand. The final report 'Towards a Montgomeryshire Food Co-operative' (2010) identified the importance of: retail outlets; food quality; regularity of supply ; convenience for consumers and retailers; marketing to support expansion of production; distribution and storage. It confirmed local producers and retailers were interested in working together on joint distribution and

marketing. The solution is a centralised wholesale and distribution service for local foods to support local producers and supply independent retailers. Co-ordinated growing is needed to ensure regular supply to retailers. To avoid establishing a shop competing with existing retailers - on-line ordering and home delivery service will be developed with Shop Newtown.

Cwm Harry Land Trust - has been managing a community composting project since 2003. In 2007/8 it established the Newtown Food Recycling Scheme as a free service to residents delivered with a EU grant from ERDF and SRS of £750,000. Cwm Harry Land Trust had access to land and facilities, volunteers and affordable transport. Through the Council's 'Adopt a Site' regeneration scheme the Trust took on redundant industrial sheds at the Vastre Estate in Newtown and converted them into a composting facility. The Trust has secured a waste management licence and a certificate to sell compost. It had invested £3,000 in buying a second-hand milk float and retro-fitting it as a collection vehicle. It began collections around Newtown in January 2007. The collections team visits 200 households a day and undertakes 17 different kerbside separations on the truck – this level of recycling requires householders to separate their waste helping to deliver higher quality recyclates.

Cwm Harry Land Trust modelled its waste recycling scheme on projects in Turin and Preston, offering a combination of liner bags and special bins with doorstep collections to build stakeholder engagement and loyalty. It began servicing 5,000 households and businesses in Newtown and has built its rounds to service 12,000 users in the area. The service is free to residents who pay for waste collections as part of their Council tax. Household Collections provides residents with a kitchen caddy, a roll of bags and an outdoor bin which is costly but essential to provide a good quality service. Their Business Collection Service provides an at-cost collection service to cafes, restaurants, hotels, works canteens, schools, shops, care and residential homes. They offer a range of bins and weekly collections to suit customers' volumes of waste and needs, informed by waste audits.

The collection of food waste allows it to be bulked up and processed in a cost-effective and environmentally beneficial way. The waste can be processed aerobically producing a nutrient rich compost which can be returned to the soil in order to increase fertility. The composting takes place undercover in a sealed building. The waste material is shredded and mixed with garden waste. The eight week process results in a nutrient rich compost which is pleasant to handle. Cwm Harry sends the compost to Coleg Powys farm. The company holds a Waste Management Licence to be able to operate collection and composting services. In future it hopes to achieve PASS 100, enabling compost to be sold to the public.

Partnership arrangements

Sourcing local and fair-trade foods - Cwm Harry Food Company sources some fresh and fair-trade foods for its veggie bag scheme from Organic Fresh Food Company in Lampeter. The bag scheme is becoming a 'trading post' for fairtrade imported products. Customers can order eggs and fruit in season and there are plans to supply local beef, lamb, and cider all sourced from local producers.

Supplying Lush Cosmetics - at a commercial level, Cwm Harry Food Company is considering supplying Lush Cosmetics who need to source 566 different plants and herbs, along with locations for their honeybee hives, to supply their cosmetics processing unit.

Montgomeryshire Food Co-operative - Cwm Harry is developing the Co-op on behalf of their producers' group. The final proposal is for a producer-retailer owned co-op focused on the wholesale distribution of local produce with linked marketing to build a customer base. The co-op would manage sales between producer and retailer members, along with other buyers, across Montgomeryshire and beyond. It would be established as a CIC or IPS and employ staff to manage marketing and distribution. The Coop's income would be generated by the margin on sales (usually between 8-50%). Start-up finance could include public grant funding, private investment, soft loans and in-kind donations. Cwm Harry would incubate the co-op to full viability, acting as a channel for funding and providing premises. It has expertise managing the veggie bag scheme which recently became a separate business and would probably become a retail member of the new co-op. The aim is to achieve sustainability in 4 to 5 years. Next steps include: producer group agreeing co-op rules and values; business planning for start-up investment; an outreach program to build markets for local food.

Food waste collection and composting for Powys - in 2008 Powys County Council wanted to launch and trial a food waste collection and composting service, it was not ready to do so itself and offered a service level agreement to Cwm Harry Land Trust. The Council engaged the Trust with a rolling 3 month agreement for food collection and a 6 month agreement for food processing. The Trust has built its food waste collection and composting service from 5,000 to 12,000 households, commercial businesses and local schools in Newtown, Welshpool, Montgomery, Llanidloes and some of the larger villages of Montgomeryshire. Previously there had been no community-level composting recycling nutrients from food and garden waste, the majority was sent to landfill.

Demonstrating 'Zero Waste' - the Welsh Assembly has set targets of 70% recycling by 2025 and zero waste by 2050. Since 2009 the Trust has been delivering a demonstration 'Zero Waste' project in Presteigne, Powys. The project has increased the level of recycling from 30% to 70% and forecasts it could achieve zero waste by 2025, demonstrating what can be achieved by community enterprise in the waste sector. The Trust invested around £160 per household per annum in building relationships with residents. The scheme generates a Community Dividend of £10,000 from sales of recyclates, which the Trust donates to 5 charities creating an added incentive for residents to take part.

Production of Biogas with Biogen Greenfinch - Cwm Harry delivers food waste it collects to Biogen Greenfinch in Ludlow to generate electricity that is sold to the National Grid.

Benefits:

- **Building local food economy** - in terms of the economic benefits Cwm Harry Food Co delivers, it refers to the report by nef and the Countryside Agency which identified that £100 spent with local retailers and businesses generates £259 for the local economy – compared to £100 spent in supermarkets which generates £140. Currently a network of local growers and farmers are benefiting from selling their fresh produce to Cwm Harry Food Co offering a secure market for their seasonal crops. If Cwm Harry succeeds in launching Montgomeryshire Food Cooperative during 2012, this will strengthen the local food supply chain expanding markets and sales for local producers. Local food contributes towards 'regional distinctiveness' and contributes to helping local producers brand their offer to retailers and visitors. Compared to imported foods, local foods have lower impacts and costs in terms of 'food' miles, processing and packaging.

- **Montgomeryshire Food Coop** – will offer : **producers** - lower distribution and marketing costs, new customers, increased sales; **independent retailers** - efficient supply system, more customers, higher sales; **hospitality trade** - efficient source of local produce and new customers; **consumers** - access to fresh local produce and livelier town centres; **rural town centres** become more sustainable and vibrant.
- **Reducing business and household waste** - in future councils will be fined £200 for each tonne of waste sent to landfill. By removing 'wet waste' and other materials from household and business waste, Cwm Harry reduces the amount sent to landfill and waste management costs to the local authority and residents. Food waste is converted into compost and it can be processed to generate 'green' electricity. Directing food waste away from landfill reduces methane emissions. Reducing the amount and types of waste by removing valuable recyclates alleviates the shortage of landfill.
- **Community composting** - is an empowering process which engages local residents in converting 'waste' into valuable reusable resources and recycling nutrients for food growing. Community composting is cheaper than sending waste to landfill at £200 per tonne. Currently 44million tonnes of waste is sent to landfill each year - within 7 years all available space in existing landfill sites will be full.
- **Social Return on Investment (SROI)** – research into 'Benefits of Third Sector Involvement in Waste Management' (2007/8) by Resources for Change and nef for Defra identified: *extending waste service beyond the contracted terms at no extra cost; creating new markets and innovating to improve the waste service environmental performance; bringing additional resources to the contracted activity through the use of volunteers, and access to additional funding.* These benefits deliver added value of £0.50 to £5.89 per £ invested to local authorities, local citizens and communities.

Lessons:

- **Supply chain failure** – development of Cwm Harry Food Co & Montgomeryshire Food Coop demonstrate potential solutions to supply chain failure and the need for shared marketing, storage, distribution and sales for the local food sector. On-line sales and home deliveries are effective alternatives to retail outlets.
- **Procurement of local food supplies** - Powys County Council Procurement team's advice to Cwm Harry's producer group regarding public sector contracts was 'to get organised' and that '*Powys CC would like to support local food businesses*'. Although they are restricted by the EU tendering process, an organised group of producers who could guarantee a regular supply and meet the legislation requirements would be eligible to tender. Discussion identified: '*the tendering process could be made more suitable for local businesses by focusing on 'freshness' - local food producers who can distribute efficiently are more able to supply fresh produce than producers in the rest of Europe due to the food miles generated.*' (Towards Montgomeryshire Food Coop, 2010)
- **Procurement of waste management services** – Cwm Harry commented on the challenges and barriers facing community enterprises competing for public sector waste management contracts, including issues of scale and access to finance to invest in processing plant, equipment and transport. They highlighted need for 'a level playing field' in terms of procurement. Resources for Change in collaboration with nef undertook research for defra into '**Benefits of Third Sector Involvement in Waste Management' (2007/8)**. Recommendations on procurement practice for local authorities included:

- *Smaller contracts to encourage third sector organisations (TSOs) to bid for their constituent parts; simpler tendering procedures for smaller contracts; linking social inclusion budgets with waste service budgets.*
 - *Financial benefits of working with the community sector, which does not normally need to make a return on investment, re-invests surpluses in the service and can access grant funding for partnership projects*
 - *Apply “Positive Sustainability Matrix” in contract specification for evaluation and assessment of added value and community benefit in the procurement of service delivery for waste, recycling and composting services.*
- **Demonstration projects** - waste reduction, community recycling and ‘zero waste’ are achievable by engaging householders and businesses in careful separation of waste at source to produce high quality recyclates and biodegradable waste for composting.
 - **Social based marketing** - developing local food production and sales - or community composting and recycling - requires time and resources to engage with consumers, local residents and businesses to build awareness and demand for these services and a loyal customer base. Social based marketing is effective in engaging with residents and businesses with investment in 1/1 customer care.
 - **Knowledge exchange** – Cwm Harry demonstrates productive synergy between the local food and community waste sectors. It highlights the significance of shared learning amongst producer co-ops and community enterprises.

4. Ecological Land Co-operative



Context and purpose for partnership

One of the barriers to a renewal of smaller and locally- focused land based production, is the difficulty in finding land to farm. Organic Futures magazine, in 2008, rang an alarm bell on this:

“Land is becoming increasingly difficult to come by, either to rent or to buy for young businesses. The average price of arable land in the UK has passed £10,000/hectare for the first time and prices are increasing by 28%. Small acreages are being snapped up by horse owners and large acreages by investment bankers; and traditional farmers are outbid by those seeking amenity holdings. Rental rates can be extortionate for small areas of half-decent land, and secure long-term tenancies are becoming rarer. Access to land is a massive barrier for those without much capital and young people especially.”....

Similar evidence has been assembled by the Landshare project, which has over 200 putative smallholders seeking land, and the Transition Towns initiatives, where data shows the hundreds of people seeking land for allotments or market gardens.

Motivation for collaboration

The Ecological Land Cooperative has been set up to buy land that has been, or is at risk of being, intensively managed and lease it to people that have the skills to manage it ecologically and would not otherwise be able to afford do so.

It operates by buying land from private landowners, carrying out infrastructural work, and then creating smaller land units for rental to new entrants to farming.

Partnership arrangements

The Cooperative has created a community land trust vehicle to raise finance. The Trust purchases degraded agricultural land and applies for planning permission for low-impact smallholdings with temporary residences. They provide a water supply, biological waste water treatment system, road access, and a shared barn made of natural and local materials. If they can they also will provide a source of renewables - such as solar panels - and an electric delivery vehicle. They then sell 999-year leasehold agreements for the smallholdings at an affordable rate, passing on just costs plus a target return to investors of 6%. If planning permission is given, they can sell on smallholdings with planning permission for temporary agricultural dwellings for around £50,000. In comparison, a 5-acre smallholding with no planning permission was recently advertised for £95,000, and a 5-acre small-holding with a house at £299,950, yet the net profit for organic small-holders is in the region of £14,000.

After the leasehold is sold, they continue to monitor the sites, with a provision for an annual audit built into the leasehold agreement. If the leaseholders do not adhere to the ecological land management criteria, the Co-operative can intervene. The leasehold agreement also prohibits the property being sold out of affordable, agricultural and ecological use.

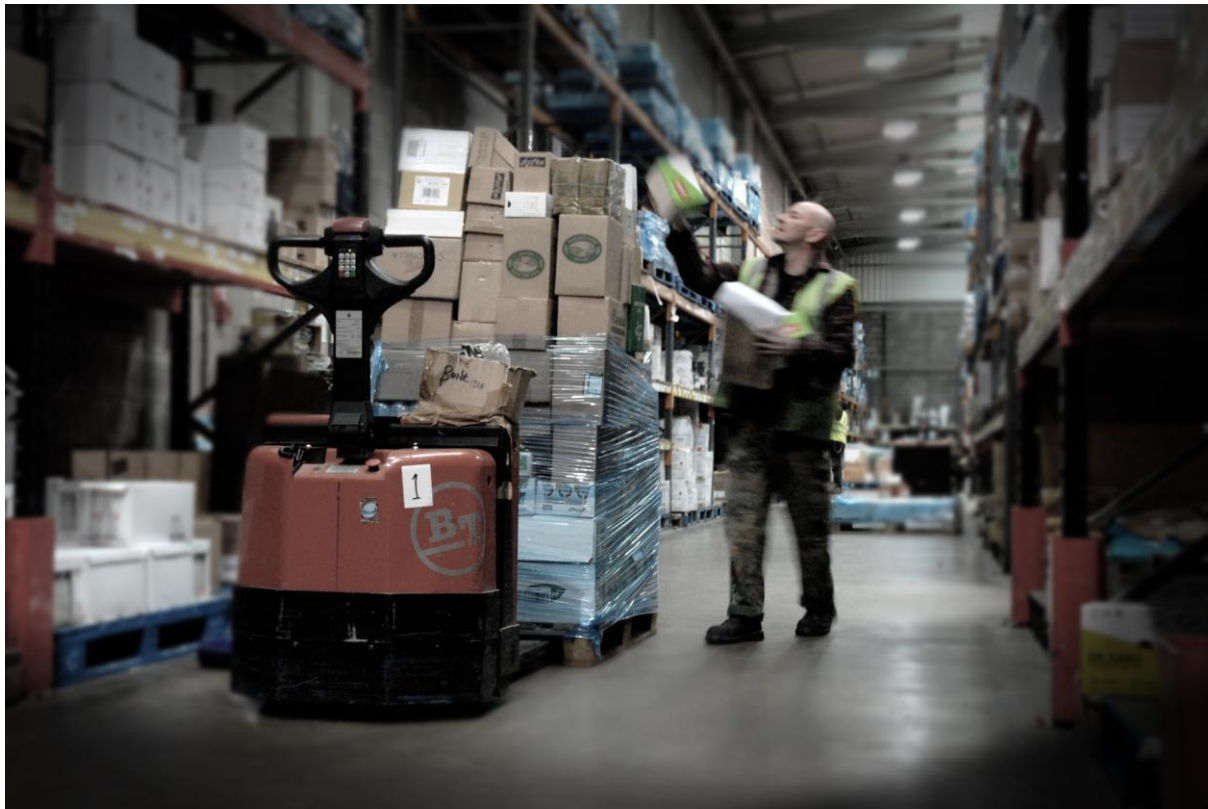
The Trust has just begun the first tenant selection process. They will however be looking for applicants who can demonstrate that they will be able to establish and manage an ecological farm business. They will be giving preference for applicants who share the values and goals of the Co-operative and to those with connections to the local area. They will also value experience in low impact living and in ecological building.

Progress is slow, partly due to planning issues, and the requirement by the planning authority for prospective tenants to have detailed business plans. However, the Trust has had a lot of interest and many enquiries from advertising through email networks and local newspapers and feel many more would have come forward with wider advertising.

Benefits and Lessons:

It is too early to identify the benefits and success of the scheme.

5. Essential Trading, Bristol



Context and purpose of partnership

Essential Trading established in 1971 is a workers co-op with a turnover of £12million a year . Specialising in wholesale and distribution of natural, organic, vegetarian, fair-trade and local foods it offers a catalogue of 6,000 products, 80% of which are organic. It sells pre-packed branded products alongside its own label products. Originally its focus was selling into the SW region but it has expanded sales across the UK and is developing export trade with retailers in Europe and Middle East.

Essential employs 70 full time workers and 20 casual and part time workers. After a 6 month probationary period each member invests a loan of £500 into the co-op which delivers £35,000 to be reinvested in development of the company. In 2010 the members restructured the organization and developed a Management Committee to help steer the business and to be responsible for on-going financial overview. In 2011 the business changed to monthly business monitoring from a quarterly system to provide stronger financial management in the current economic climate. Essential has a management structure of 8 teams including sales, marketing and distribution which collaborate in 6 clusters to focus on: product development; processing; retail; customer service; product handling; IT and feedback.

Since the 1970s Essential has succeeded in building a loyal customer base over many years with around 2,000 'active' accounts, with 5,000 accounts in total. Its customers include wholesale and retail customers, plus buying groups across UK and Europe. In total 30% of their trade is in the Bristol area, 70% across the SW region, UK and Europe. Within Bristol 60% of their trade is with independent retailers, while 40% is trade with restaurants, caterers

and buying groups. Essential operates from warehouses and offices in Bristol, financed by a mortgage with Triodos Bank, which it will have paid off by 2015, as well as a loan with Triodos of £100,000 for solar panels.

The co-op supplies around 70 independent retailers across the UK including wholefood shops, community stores, box schemes, on-line shops, cafes and restaurants. Essential has its own 'Harvest' retail outlets in Bristol and Bath that serve local communities. In addition, it supplies independent retailers in Bristol including Better Food Company, Sweet Mart and Wild Oats and wholesale foods to local cafes and restaurants including Watershed, Canteen, Clifton Lido, Relaxation Centre. It supplies farm shops as well as festivals like Glastonbury.

Motivation for collaboration

Ethical trading and the cooperative business model are helping Essential succeed despite the recession and competition from the supermarkets. The coop has seen its business continue to expand with the growth of buying groups and shoppers returning to independent retailers to buy higher quality local foods supported by personal customer service. Essential does not engage in commercial partnerships with the corporate food industry sector. It is committed to ethical trade and distribution of natural, organic, vegetarian, fair-trade and local foods and products. It believes in fair prices for producers and 'healthy eating' for customers which motivates it to collaborate and develop inter-trading with like minded enterprises. Essential has built a strong reputation for ethical trading and organic products. It has developed a loyal customer base across the UK by focusing on niche markets, supplying 'like-minded' communities of people committed to local, organic and fair-trade foods.

The big 5 supermarket chains are major competitors selling cheap foods, own brands and 2/1 deals. Prior to the recession the supermarkets added local, organic and fair trade products to their ranges – but sales of these types of food products have been falling as customers have become more price sensitive and shopping with a limited budget. The recent Which report 'Consumers: the most important link in the food chain' (Jan 2012) revealed reductions in local, fair-trade and organic food products and increased sales of supermarkets' basics/essential economy brands.

Essential Trading has responded to this challenging business environment with entrepreneurial strategies including on-line retail of natural and organic foods, inter-trading with European co-ops and developing EU based buying groups. In addition, at the start of the recession in 2008/9 Essential co-op members and its Harvest stores had the option of accepting redundancies – or reduced wages and dividends for members until sales improved - the members chose the latter strategy. The co-op's business strategy now features monthly financial overview, rebranding and promotions, on-line retail services targeting UK, Europe and abroad which has over 1,000 customers:

www.ethicallyessential.coop

Partnership arrangements

Co-organic - Essential is collaborating with European wholesale co-operatives in Italy, Spain and Norway to establish Co-organic, including Co-op Campo which supplies Italian pasta, tomato products, olive oil, coffee and wine. The objectives are to: secure organic supply chains across the EU; collaborate with other co-operatives to access new markets;

increase scale of operations to compete in the organic food market; expand markets by developing EU based buying groups.

Inter-trading with independent wholesalers and retailers in the UK - Essential engages in ethical trading with other like minded wholesalers and retailers. It exports to retailers in Scotland including Green City and Rainbow, Infinity in Brighton and engages in inter-trading with wholesalers like Highland Wholefoods. It supplies 70 independent retailers across the UK including wholefood shops, community stores, box schemes, on-line shops, cafes and restaurants.

Sourcing local and natural foods - direct from the producers and processors is central to Essential's commercial and trading relationships. The co-operative is very customer-led and shapes its catalogue of products to meet its customers' needs, for example stocking gluten free and raw foods, local and organic, fair trade and GM free products.

Harvest wholefood retail outlets - Essential has two Harvest wholefood retail stores in Bath and Bristol. These were independent retail businesses but they are now members of the Essential co-op. Harvest in Bath has been supplying local customers interested in ethical and fair-trade, local and organic products with natural foods and ecological products for over 35 years. Their main customers are local residents and people working in Bath. The shop has 12 full and part time workers and a turnover of £600,000. Its main bulk suppliers include Essential, Health Store which is another coop and Queens Wood Natural Foods. They source local and organic fruit and veg from Sunseed Organics, Castle Farm and Edes, bread from Bath Bakery and Eleven Bread, dairy products from Ivy House and Crook & Churn.

'Organic Supermarket' – is an on-line shopping portal for organic and natural foods and goods from suppliers across the UK. Essential's Harvest shops are listed along with over 800 other retail outlets on the www.organic-supermarket.co.uk

Benefits:

- **Secure food supply chain** - community and co-operative food enterprises are active along the supply chain in production and processing, distribution and retail of local, organic and fair-trade fresh seasonal food products. Collaboration contributes towards local food security and a more robust economy.
- **Robust business planning** - Co-operative enterprises focuses on the long term anticipating economic change. Essential refocused its business plans in response to the recession and competition from the supermarkets by selling basics and own label products at affordable prices, securing local food supply chains, buying groups and on-line shopping, ethical inter-trading with UK and EU coops.
- **Collaborative ethical inter-trading networks** - at the European scale Essential Trading is part of Co-organic. Co-ops are skilled in developing collaborative trading networks.
- **Fair Trade** – Essential works with Café Rebelde to source fair trade coffee direct from producers in Mexico and donates part of its profits to be re-invested in local clean water projects. Fair-trade delivers employment and health for global communities.
- **Working with charities** - Essential has been donating to Caring at Christmas since 1998 helping to run a Christmas Shelter for homeless and vulnerably people.
- **Renewable energy** - Essential has invested £100,000 in 186 solar panels mounted on their warehouse roof to supply electricity to their factory, warehouse and offices, sourced

from a local supplier Solarsense. As an ethical company they seek to harness new technologies to minimise environmental impacts. Essential secured a loan from Triodos Bank to pay for the solar panels. Income generated through the FIT from the system means it pays for itself during the 10-year loan payback period and then becomes a source of income. Committed to reducing carbon footprint Essential buys energy from Ecotricity who invest 100% revenue in building new sources of renewable energy, compared to 1% for the 6 main energy companies.

Lessons:

- **Public procurement** - Essential promotes 'healthy eating' and supplies 20 schools and nurseries around Bristol. It has tried to develop new business contracts to supply local hospitals and state schools but procurement teams are not open to dialogue, hospitals and schools have reduced budgets for buying food, large catering companies hold the majority of contracts to supply basic meals. These are markets that buy centrally, purchase high volume bulk quantities, require formal tenders for large contracts with complex standards and requirements. Cooperatives Europe is calling government to revise restrictions on public procurement so that local authorities and public sector agencies take into account suppliers' ethical and sustainable business practices.
- **City Planning** - in response to rising competition from the supermarkets support is needed from Councils to protect our high streets and independent retail sector, by addressing city planning development, high street business rates alongside the procurement policy for hospitals, schools and government offices.
- **Co-organic** - Essential is collaborating with other European wholesale co-ops in Italy, Spain and Norway to establish Co-organic to: secure organic supply chains across the EU; collaborate with other co-ops to access new markets; increase scale of operations to compete in the organic food market; expand markets with EU based buying groups.
- **'Organic Supermarket'** – is an on-line shopping portal for organic and natural foods and goods from suppliers across the UK developed to compete with supermarkets. Harvest shops are listed along with over 800 retail outlets: www.organic-supermarket.co.uk
- **Co-operatives in Europe** – are a stabilizing force in the EU economy as they respond to social change, are resilient to the global economic crisis and create sustainable jobs in all sectors. They are a force for economic growth as unlike charities and NGOs they are businesses that trade and share equally but reinvest profit, working across all sectors ranging from micro enterprises to large scale business. Co-ops in Europe represent 123 million members, 5.4 million employees and 160 thousand enterprises. In the UK co-ops have the largest assortment of Fair Trade products compared to any other retailer; in Italy 50% of the agro-food sector is managed by co-ops; in France, co-operative enterprise provides 1million jobs, 3.5% of employment; in Finland, 75% of the population are members Co-operatives Europe promotes a co-operative business model, which is collective, responsible and sustainable. In the context of European business, co-ops provide a counter-balance to shareholder-driven business activity.

6. FareShare, UK and South West



Context and purpose of partnership

FareShare is a nationwide network of community based partnerships comprised of regional organisations and charities working to address food poverty and food waste. Launched in 2004 it is now operating in 17 locations across the UK. Established by Crisis in 1994 as a project to alleviate homelessness, FareShare aims to help vulnerable groups within our communities experiencing food poverty including homeless people, elderly and children.

Working in partnership with the food industry FareShare takes surplus food that is fit for consumption but would otherwise go to landfill. It is managed by partners who operate as 'social franchises' to deliver these services to their local communities. Food is sorted and distributed by teams of volunteers to hostels and day centres, night shelters, breakfast clubs, women's refuges, after school clubs, drop-in centres and supported housing units. In return volunteers receive skills training in safe food preparation, nutrition, warehouse work and help finding employment.

In 2010/11 FareShare launched its strategy for growth and opened new depots in 'areas of need' in Liverpool, Llandudno, North London and Belfast to meet growth in demand for its services. A daily average of 29,000 people around the UK benefit from the service FareShare provides. By strengthening its relationships with food companies it sourced and redistributed record levels of food across the UK to its network of community partners. It partly achieved this by recruiting 2 experienced business development managers from the food industry who helped them increase the amount of food redistributed by 28%. FareShare secured 1,973 tonnes of food through its national partnerships, representing 8.6million meals

that fed 35,500 people. This diverted food surpluses away from landfill helping the food industry reduce CO2 emissions.

FareShare's mission is to fight food poverty by tackling food waste. Their target for 2011/14 is to increase the volume of consumable food it handles to 10,000, which would increase the number of meals provided from 7.5million to 25million. Their work includes:

- Sourcing food that is surplus to requirements from manufacturers and retailers
- Engaging volunteers to redistribute food through a network of depots & partners
- Providing its members with good quality, in-date food supplies at low cost
- Providing training in food safety, fork lift truck driving and healthy eating
- Promoting 'no good food should be wasted' to the food industry and public.

Motivation for collaboration

FareShare UK published its **Impact Survey in October 2011** which showed a sharp rise in demand for food from charities in the current economic climate. Among charities surveyed 42% reported an increase in demand for food 2010/11 due to rising food prices, putting extra strain on families and people on low incomes. An additional 1 in 3 of the charities surveyed are facing government funding cuts, with 65% of these charities cutting food budgets. FareShare is helping 700 charities save almost £8 million a year in food and other costs. The food reached 35,000 people a day in 2011, increased from 29,000 in 2010.

In 2010 the food industry redirected 3,600 tonnes of surplus food to FareShare enabling provision of 8.6 million meals for vulnerable people. *"More people are getting in touch with FareShare asking for help to access food. We're committed to working with charities to make a significant difference to the diets of people in communities but we need more food to meet this increased demand."*(Lindsay Boswell, CEO, FareShare)

Corporate Membership Scheme - many companies invest in FareShare through their membership and by donations including: **Co-operative, CMI, Credit Suisse, Deutsche Bank, Gist, The Grocer magazine, Sodexo - Sainsbury's, Tesco, Marks & Spencer, Pret A Manger and Starbucks**. Significantly, when companies become members of FareShare often they have large amounts of food waste. Once they begin the process of waste minimisation the quantity of surplus food they have to donate is reduced and FareShare has to seek new corporate members to maintain its food stocks.

An Environment Agency survey estimated total industrial and commercial waste arising in England and Wales to be 75 million tonnes of which the food and drink manufacturing sector was responsible for 7 million tonnes. They estimated one third of this had the potential for consumption. In response, **FareShare 1st** was launched to reduce landfill as 1 tonne of waste food produces 6.5 tonnes of CO2 emissions. FareShare worked with businesses to meet legislative requirements to minimise waste, reduce costs and meet their CSR commitments.

Partnership arrangements

Nationally FareShare works with around 70 food manufacturers and retailers. In the South West, it works with **Sainsbury's main depot** alongside other food industry partners

including **Gerber Juice, Brakes Group, Tillery Valley, Hobbs Bakery, Pullens Bakery and Pieminister**. All of these businesses donate good quality 'fit for purpose' food products in wholesale quantities to FareShare to be redistributed to its beneficiaries which includes hostels and refuges as well as projects providing support to young people, women, refugees and OAPs. In addition, food industry partners support FareShare in a variety of ways eg. Hobbs Bakery works with FareShare to generate positive media coverage, while Brakes Group and Pieminister provided work placements for beneficiaries.

Sainsbury's, Morrisons and Nestle - are major corporate sponsors for FareShare nationally. Sainsbury's contributes £250,000-£500,000 each year towards FareShare's work. In addition, last year they donated profit from their Christmas cards to FareShare and Comic Relief and offered their customers the opportunity to donate extra food products to FareShare's network of beneficiary groups and organizations.

Corporates offering pro-bono expertise - FareShare co-ordinates a corporate volunteering programme where employees from member companies spend 1-2 days a year working with FareShare to meet their corporate social responsibility. **Accenture** seconded staff during 2011 to provide supply chain consultancy free of charge to advise in on-line management systems for FareShare's depots and food stocks. **Nestle** provided professional support to develop FareShare 1st systems. Bristol based legal firms have provided printing services and **Brakes Group** helped source a van.

Brakes Group - is committed to delivering its CSER Strategy through various initiatives and programmes. They donate surplus food that is fit for human consumption to good causes rather than sending it to landfill – over 90,000 meals a month. In 2010 Brakes entered a long-term strategic partnership with FareShare. They currently gift 60,000 meal equivalents a month to FareShare, representing approx 20% of their food waste a month. Brakes supplies healthy food that is easy and quick to prepare, from pre-prepared vegetables, to portion controlled desserts and chilled meat. As well as supplying food to local communities all over Britain the partnership allows Brakes to reduce its landfill costs resulting in less CO2 and methane emissions.

Deliveries - currently FareShare does not own a fleet of delivery vans. It transports donated food by working with van hire companies including **Petit Forestier**. Due to its level of demand for transport and deliveries and the costs, FareShare is seeking corporate sponsorship from these companies, possibly in exchange for campaign branded vehicles. In the SW Brakes Group provided FareShare with a second hand delivery van which cost them around £3,000 to refit and brand.

London Waste & Recycling Board - FareShare opened its West London depot in 2010 with a 3 year grant from the London Waste and Recycling Board (LWARB). The depot will help FareShare distribute 800,000 meals worth of food to local people in need.

Food & Drink Federation - In 2009 FareShare, in partnership with the Food and Drink Federation launched the '10,000 pallet challenge' to engage industry to redirect food that would be sent for waste disposal to groups in the community to reduce food poverty.

Community Initiatives SW - is a registered charity and FareShare SW is one of its leading projects. It is funded through membership fees and grants from trusts and foundations. FareShare SW has a full time Project Manager and Operations Manager, a part time worker and 45 volunteers, over half of which are vulnerable adults from beneficiary projects. Volunteers benefit from training and NVQ qualifications in a range of work including driving, warehouse operations, cleaning, admin and support. FareShare covers the whole of Bristol city with some food collected from the West of England area. It accepts most foods apart from out of date food, alcohol or shell fish.

FareShare SW receives around 30 tonnes per month from their main suppliers which include NFT distribution that sorts Sainsbury waste food, Pullins bakers, Brakes Group, Bristol Fruit and Veg Market and Gerber Juice. Food is delivered or collected on a weekly basis, sorted by weight and repacked for deliveries to local projects that cook it or distribute it as food parcels. Projects with kitchens take meat and veg to cook hot meals, supported housing projects prefer ready meals as many people have limited cooking skills. *“Most of our young people are in receipt of minimum income. FareShare means we are able to support young people with food parcels, who would otherwise go hungry. The resource also allows many young people to sample foods they couldn’t usually afford.” (Community Member of ‘16-25 Housing)*

In 2009/10 FareShare SW redistributed 274 tonnes of food that would have gone to landfill, contributing towards around 652,000 meals benefiting 5,000 people in 32 projects around Bristol. If there is too much food to redistribute FareShare gives it to the city farms. In terms of employment and skills FareShare SW delivered 18 accreditations with 4 vulnerable volunteers going into further education and 2 volunteers securing paid work. *“At Wild Goose we feed on average 1500+ people per day. Many of the people we serve are homeless living in hostels and squats and this is their main source of food. If we did not receive food from FareShare we would find it very difficult to provide such high quality and nutritious meals.” (Community Member)*

FareShare SW is developing a new **‘Waste Mark’** campaign with **Brayleino Marketing** targeting the food industry, to increase awareness of its services and the social and environmental value of reducing the amount of ‘fit for purpose’ food sent to landfill. The South West regional office based in Bristol works with 62 beneficiary organizations and is expanding its area of operations to include Bath, Weston-super-Mare, Somerset and Gloucestershire. They charge their commercial partners a membership fee to collect and redistribute food products to their network of groups and organisations. The hostels, refuges, social and housing projects they supply benefit from receiving deliveries of high quality foods which reduces the cost of feeding beneficiaries and contributes a healthier diet for people using these services. FareShare receives foods from orchards and growing groups based in South Wales, Somerset and Wiltshire. FareShare SW does not charge donors if they deliver their food stocks but charges transport costs for collections.

In 2006 FareShare established FareShare 1st, a company limited by guarantee, to reduce the 7 million tonnes of food sent landfill sites in the UK every year. FareShare 1st worked with **Nestle and Kellogg’s** to pilot the venture to dispose of all a company's food waste. It engaged with other leading manufacturers including **Kraft and Northern Foods**. It offered the food and drink industry a cheaper, greener alternative to landfill by taking surplus product, distributing what is edible through its existing network and then disposing of the rest

via commercial re-sale for animal feed with residual product processed for biogas or composting. Previously FareShare accepted only food that could be eaten. All profits generated were reinvested in the FareShare charity.

Nestlé is one of the world's largest food and beverage manufacturer, employing around 250,000 people and operating in 180 countries. The company has 22 sites in the UK generating waste for disposal. Nestle had to address ways to deal with its surplus stock that was near the end of its shelf life in a way that prevented it from re-entering the market. The secure route of 100% landfill is no longer an option due to rising costs and environmental impact. FareShare 1st provided a solution that securely re-distributed food 'still fit for consumption' while diverting the remaining waste away from landfill.

Nestlé have been working with FareShare for some time, alongside other food companies, to support them in redistributing surplus food to groups experiencing food poverty. FareShare was seeking ways to extend their operations to a full waste disposal service for companies as a means to fund their growing charitable operations. Nestlé worked with FareShare to develop a sound business model, including the logistics of distribution and storage to ensure the programme would fit with the operations of large scale business. As a result of this work the innovative waste management solution FareShare 1st was established in 2006. FareShare received support from London Community Recycling Network through their 'ENHANCE Enterprise Development Programme' and the Esmée Fairbairn Foundation to develop FareShare 1st.

Working in partnership FareShare 1st and Nestle UK achieved results:

- Reduced surplus food sent to landfill from 100% in 2005 to 5% in 2006.
- Redirected 388 tonnes of food from Nestlé in 2007, providing 600,000 meals
- Reduced landfill and CO2 emissions by over 2,500 tonnes in 2008.
- Awarded 'Best Partnership' award by recycling organisation Valpak.

Significantly, after piloting the service FareShare decided to refocus on redistribution of edible food and meals, rather than expanding its activities to include linked waste processing as part of its core services. In addition, due to branding and promotion issues with members and donors, FareShare has returned to a single identity. It refocused on redistributing food surpluses and reducing delivery and distribution costs by developing relationships with the haulage and distribution sectors. With pro-bono support from Accenture it piloted a 'hub and spokes' model of operation and implemented on-line management systems for their network of delivery depots and stock control.

Sainsbury's Corporate Responsibility Report 2011 - Since 1998, Sainsbury's has been donating surplus food to local charities. Over 300 stores are involved and in 2010 they donated more than **£1.5 million worth of food** to a network of organisations across the UK. They encourage suppliers to donate surplus products. Their '**Million Meals**' campaign, invited customers to buy an extra meal to be donated to charity, they matched the retail value of food donated with an extra cash donation to FareShare. Sainsbury's supports the '**v inspired**' youth volunteering programme, and donated **£200,000 to FareShare 2009/11** to help recruitment of 16-25 year old volunteers.

“Sainsbury’s long-term commitment to FareShare has been at the core of our ability to grow and reach out to more disadvantaged people over the past six years.” Lindsey Boswell, CEO, FareShare

Sainsbury’s aimed to achieve zero waste to landfill by the end of 2011. They limit the volume of food waste using stock control and accurate sales forecasting, to ensure their stores stock the right amount of food to meet customer demand. Sainsbury’s donates surplus food to charities including FareShare, who redistribute supplies. Other food waste is sent for anaerobic digestion to produce biogas to generate renewable electricity for the National Grid. Since 2009 all their supermarkets have been connected to their ‘zero food waste to landfill programme’ and currently send 44,000 tonnes of food waste each year to either anaerobic digestion or combustion plants. By 2012, they aim to send all food waste to anaerobic digestion as a more environmentally sustainable method of waste management than landfill, pyrolysis or gasification.

Forgotten Feast – collaborated with FareShare by organizing banquets of unwanted foods hosted in their warehouse in Bermondsey. Every ticket sold enabled FareShare to provide an extra 80 meals for vulnerable people, as grant-giving charity **StreetSmart** matched the number of meals raised through ticket sales to deliver 28,800 meals. Forgotten Feast is a pop-up restaurant that uses wild and seasonal foods, wasted and forgotten foods. Launched in 2011 when food waste activists worked with ‘Eco Chef’ Tom Hunt to organise **‘Feast on The Bridge’** a ‘pop up’ restaurant on London Bridge that salvaged unwanted ingredients and offered Londoners a menu of sustainably caught unwanted fish, surplus veg from Able and Cole, bone marrow from the local butchers and free local stale bread. Previously **‘A Taste of Freedom’** raised awareness about food waste through educational outreach in the form of **‘Feeding the Five Thousand’**, an event in 2009, repeated in 2011, which fed 5,000 people using fresh unwanted ingredients.

Lessons:

- **Corporate Social & Environmental Responsibility (CSER)** – corporate food industry CSER strategies are an opportunity for social enterprises like FareShare to work in partnership with commercial food businesses for mutual benefit. They have a shared strategic agenda on minimizing food waste to landfill - by redirecting and redistributing edible food to vulnerable groups to reduce food poverty.
- **Waste minimisation** - in 2011 Defra issued revised guidance on food labeling to reduce waste from the food industry. FareShare responded by inviting the sector to divert edible food away from the waste stream and redistribute it to 700 organisations that support vulnerable people. Many large companies work with FareShare to alleviate food poverty in the UK, including Nestlé and Sainsbury’s, providing food for 8.6 million meals in 2011 – this represents only 1% of the surplus food available.
- **Food Labeling** – the food industry can limit the volume of food waste using stock control, product labelling and sales forecasting, to ensure their stores stock the right amount of food to meet customer demand. Food labelling helps redirect unsold but edible foods and ready meals via community groups to feed vulnerable people.
- **Building links between food waste minimisation and food supply** – FareShare and Cwm Harry demonstrate ways of working with the food industry and the public sector to

create sustainable income from food waste management that is being reinvested in reducing food poverty in the UK. By donating edible food to vulnerable groups - or by composting to grow and market fresh local food for sale to local communities. A wider network of smaller charities and community groups benefit from this work through corporate donations and reinvestment of profit from sale of recyclates, deliveries of Free food, or access to fresh local affordable food.

Benefits:

- **Waste minimisation** - reducing surplus food sent to landfill eases the pressure on landfill sites and reduces CO2 emissions.
- **Reducing food poverty** – redistribution of edible food, ready meals and drinks in partnership with supermarkets and food processors provides vulnerable groups with good quality food supplies at low cost.
- **Training and work experience for volunteers** – who help to redistribute food through FareShare's network of delivery partners and depots and receive training in food safety, fork lift truck driving and healthy eating.
- **Corporate volunteering programme** - employees from member companies spend 1-2 days a year working with FareShare to meet their corporate social responsibility by offering pro-bono expertise eg. *Accenture provided supply chain consultancy in on-line management systems for depots and food stocks; Nestle helped develop FareShare 1st systems.*
- **Positive media coverage** - for corporate members engaged in waste reduction and donating food, funding and professional expertise to local charities.

7. Heart Distribution, West Midlands



Context and Purpose of Partnership

Heart Distribution is a not-for-profit distribution enterprise set up by Blakemore & Sons Ltd, a family owned business in the West Midlands which started as a grocery store in 1917. It now has 8,000 employees and an annual turnover of £1bn. The Blakemore ethos of benefit to staff, customers and community is part of the constitution of all the Group's companies.

Motivation for collaboration

Blakemore has a large distribution and logistics division and were approached five years ago by a group of producers seeking assistance with local distribution, via the regional food group Heart of England Fine Foods. Blakemore has a strong community led ethos which inspired it to subsidise the development of this tailor-made service for producers, investing £1m in the first three years, to make a difference to the communities they serve.

The commercial aim of Heart Distribution's delivery service is to increase efficiencies in marketing and distribution for producers, both financially and environmentally, by reducing fuel costs, consolidating orders and delivering to a wider range of customers. The services provided are designed to promote local food and the individuality of local producers.

Partnership arrangements

Heart Distribution has been established as a not-for-profit enterprise within the Blakemore group. However, it does not have an asset-lock and would probably not be regarded formally as a social enterprise. When the relationship with producers was first established Blakemore also partnered with Heart of England Fine Foods to provide the service to producers. Heart Distribution was set up as a separate company with producers as members of the

distribution scheme but not of the entire Blakemore group.. The aim is for producers to direct the way the service is developed, they control their own pricing and specifications. Membership has increased significantly and is growing.

Established in 2007, Heart Distribution began with 30 producers and now distributes on behalf of 140 producer members, selling over 2,000 product lines, with an annual turnover of £3m. Its producers are based across the West Midlands, with customers nationwide. Producers join Heart every six months, expanding the range of products. All members are compliant with food and drink industry standards. In contrast to typical wholesale and logistics operators, Heart Distribution works with producers to supply products on their terms, making local producers the focus of the business model. Heart maintains and promotes local producers' unique selling proposition (USP).

This is a flexible operation with only 7 members of staff. The team regards their producers' customers as their customers so offer a 'retailer-friendly' service. The business is led by a Commercial Manager supported by a telesales team in the office and 2 accounts officers out in the field working with multiple and independent retailers. A Procurement Manager is responsible for day to day liaison with producers. Blakemore Logistics' team manages Heart's warehousing and delivery operations. Heart's team regularly visit producers and customers, inviting producers to discuss their products and businesses with the team.

Heart Distribution provides a storage and delivery service for ambient, chilled and frozen product lines. The delivery service is underpinned by the professional logistics infrastructure of Blakemore who provide warehousing and distribution services for Heart by providing a storage facility for producers' products at the Long Acres Industrial Estate in Willenhall and delivering goods. All of Heart Distribution's multi-temperature delivery vehicles are managed using route planning systems and driver tracking to ensure a traceable and efficient service.

Heart's 'One Order, One Invoice, One Delivery' service means producers can reduce time spent on administration and focus on maintaining the quality of produce and building relationships with customers, while customers no longer have to deal with multiple suppliers and invoices. The system works on a 'day one for day four' delivery basis. Customers place their orders with Heart Distribution, Heart contacts the producers with a consolidated order, the producers either manufacture their products or take them from stock and deliver them into Heart's Distribution hub locations, then orders are consolidated and delivered to customers in Heart's vehicles.

Benefits for producers:

- **Commercial food retail expertise** – the Heart Distribution team provides professional business and management skills in all parts of the food industry
- **Access to new markets** - nationwide customer base including 240 farm stores and delis
- **Marketing and distribution support** - without being distracted from their main work or needing to invest in their own delivery vehicles.
- **Mini hub scheme** - enabling producers to service nationwide customers via a single drop-off point in their county
- **Consolidation of orders** - invoicing and chasing of payments
- **Reduced distribution costs** - which bring down the cost of products and make them more competitive against mainstream goods and more accessible to more customers
- **Regular customer order and delivery day** - linking supply with demand
- **Simplified supply chain** - that strengthens traceability and health and safety practices

- **Recycling facilities** – for producers and customers, including re-usable trays that reduce packaging costs for producers
- **Positive cash flow scheme** - pays producers within 10 days of Heart receiving the product into the depot
- **Networking** - opportunities to build relationships with other producers, to share experiences and develop new products
- **Sustainability** - being part of a network that is socially responsible, committed to minimising its environmental impact and supportive of regional food and drink producers

Benefits to Blakemore Group:

- Heart Distribution is an efficient way for Blakemore to source local produce for its stores.
- Blakemore delivers into new markets - as well as to customers that were competitors.
- Heart Distribution meets Blakemore's commitment to benefit local communities.

Lessons:

- **Heart Distribution offers a unique distribution network** - that connects regional producers with their customers delivering high quality, local food and drink to market. The service makes local food more accessible to trade buyers by consolidating orders and deliveries with an easy 'One Order, One Invoice, One Delivery' service, removing the need for them to deal with multiple suppliers and invoices.
- **Heart Distribution meets consumer demand for locally produced food** - 43% of the population would like to see more local produce in their supermarket (Mintel 2010).
- **Heart Distribution won a Business in the Community award in 2011** - for corporate responsibility in the Supply Chain category for the company's support for small regional food producers and reducing food miles. *"This was an innovative submission benefiting all parties. Existing resources were harnessed to deliver a more effective solution for small producers selling to retailers. The judges were impressed that the strategy was developed around suppliers' needs, rather than its own business drivers."* (BITC Judges)

8. Manchester Veg People, North West England



Context and purpose of partnership

Manchester Veg People (MVP) is unique: a co-operative of organic growers and restaurants working together to provide fresh, seasonal food of the highest possible quality in Greater Manchester.

The group's aims are:

- To sell organic fruit & vegetables across Greater Manchester
- To encourage new or existing growers to go organic.
- To minimise the difference between farm-gate and retail prices.
- To support their businesses so that they can make a living.
- To engage customers and show them what's possible.
- To do the right thing environmentally.
- To co-operate between growers and between growers and buyers.

MVP started in 2009 as an informal group of organic growers local to Manchester and two retailers, Unicorn Grocery and Dig food. The initial purpose was to co-ordinate the crops grown locally with demand so that growers would avoid problems of surplus and buyers could source of a wider variety of produce.

Research around the same time by the Manchester-based Kindling Trust, a social enterprise with charitable aims working for pioneering change in the Northwest of England, concluded that a co-operative of growers and buyers would be the best model to achieve a more sustainable food system in the city.

With the support of the Kindling Trust the group has worked to develop the model further on areas such as crop co-ordination and planning and pricing, for example through the creation of a cost analysis template to bring consistency to the approach of the individual growers.

The Co-operative members worked in partnership to develop a School soup venture supplying ingredients to the local authority caterer, Manchester Fayre. This has helped build up the credibility of MVP and initiated the internal system development necessary for collaborative working in practice.

Motivation for collaboration

MVP wants to change the way that fresh produce business is done in the city. The group brings together buyers and growers in a unique partnership that benefits all parties. However, the model is not right for everyone and the Co-operative is taking a pragmatic approach to achieving the change it seeks.

This is well illustrated by the choice of partner buyers. It became clear during research for their business plan that the proposition would be less interesting for retailers with sufficient scale to buy directly from growers with whom they have valuable existing relationships.

However, the research identified two gaps in the catering sector:

- Smaller restaurants and caterers that cannot source direct from growers because of the relatively low quantities required.
- Larger scale caterers wishing to source direct from local growers but who require a single point of contact for ordering and payments.

The Co-operative saw an opportunity for their growing group to sell and distribute produce through a central Co-ordinator and hub. They identified caterers that shared their values and aims and invited them to get involved. Sales began in early June 2011 to GreenPlate and the University of Manchester which has 29 catering outlets.

Partnership arrangements

Manchester Veg People currently includes the University of Manchester, The Kindling Trust, Dig veg box scheme, GreenPlate, Unicorn grocery, Eighth Day Café, Tom & Julia Rigby, Dunham Massey Organics, Moss Brook Growers and Glebelands City Growers.

Growers are allowed to trade outside the co-op and those with established relationships can continue to trade directly. The Co-operative draws an income stream from the turnover handled and this margin is shared by the buyer and grower. The group employs a part-time Coordinator to manage sales and logistics and this role is supported by EU grant funding through the Rural Development Programme for England (RDPE) and the Kindling Trust.

The Co-operative wishes to increase scale and is working to establish new growers to boost the amount of local organic produce available.

Benefits:

By creating direct links between buyers and growers all parties benefit from clearer market signals along the supply chain: for example, from an improved understanding of demand as well as transparent pricing based on the real costs of growing and distribution.

The growers are not a homogenous group: they have different resources, skills and existing customer business. However, there are opportunities for standardisation, benchmarking and co-ordination of effort. The new focus on sharing knowledge for crop planning and a template for costings is already providing insight into areas where individual growers may be able to develop their practice further.

Lessons:

- Buyers and their consumers get have access to fresh, high quality, local produce.
- As the model develops the co-operative approach will lead to better returns for growers, giving them more confidence to invest for the future.
- The Co-operative has identified gaps in the supply chain where it can make change happen to achieve its purpose of *'keeping it fresh, organic and local'*.

9. Organic Milk Suppliers Co-operative (OMSCo), SW England



Context and purpose of partnership

OMSCo is a co-operative company limited by share which was set up in 1994 by a group of five organic dairy farmers in the West of England. The abolition of the Milk Marketing Board had left organic dairy farmers in a vulnerable position. Sally and Henry Bagenal and others needed to find a market for their organic milk and persuaded Alvis Brothers, a local cheesemaker, along with Yeo Valley, a family owned organic yoghurt maker, to make some organic products. There was little involvement from the mainstream dairy support agencies.

The co-operative continued with Yeo Valley and Alvis Brothers as their only customers for a number of years. In March 1999, OMSCo signed a five year deal with Sainsbury's for a guaranteed price to give confidence to encourage farmers to convert to organic production. Unfortunately, although organic milk sales continued to grow, the expansion of supply was far faster than the sales growth and led to a period of over-supply. The 2-3 year organic conversion period can result in periods of over and under-supply.

Today customers include Robert Wiseman, Arla and Sainsburys. In addition to raw organic milk OMSCo offers a range of bulk organic dairy ingredients – dried skimmed milk powder and liquid skimmed milk concentrate, organic butter and cream. Milk is collected from farms every other day ensuring regular turnover on the farms without the prohibitive expense of daily collections.

The co-op offers a range of specialist technical advice and support to its members and supports on-farm processing, allowing members to develop their businesses and their own local markets. They have encouraged members to engage with consumers through holiday accommodation and school visits, to deepen the understanding of organic dairy farming and therefore increase demand for organic milk. OMSCo have also sought to encourage the next generation of organic dairy farmers through the award of a study bursary scheme.

Although OMSCo does not sell to individual consumers it has invested in marketing and communications – speaking directly with consumers to understand their concerns and running high profile advertising campaigns for organic milk. These activities promoted robust performance of organic milk compared with other organic lines.

Motivation for collaboration

As a co-operative OMSCo is motivated to put its members' interests first and negotiate fair prices, rather than looking for the most commercially or administratively convenient deal. The success of this approach has led to more farmers joining the group and a stronger position in the market for organic milk.

While OMSCo's original customers were small businesses with a supportive attitude to the co-op, the expansion of the enterprise has enabled it to supply all the major distributors and processors in the UK as well as leading multiples and European buyers. For example, Yeo Valley highlights the co-operative nature of the supply chain in its own publicity - but for most other customers this is not an important feature in their commercial trading relationships and prices are hammered out very competitively.

Partnership arrangements

OMSCo has 500 farmer members from Cornwall to Inverness and has become the leading supplier of organic milk in the UK with over 65% of the market, handling 340 million litres per annum. There has not been any investment from outside the co-operative so there is no need to provide a return outside the membership. Bonuses are paid to members when there is a trading surplus - £750,000 in 2010.

The co-operative nature of the business fits well with the organic ethos of its members, whose involvement in management ensures that farmers' interests are maintained. The company's board has 12 non-executive farmer directors, a third of the directors retire by rotation each year and there are annual elections for new directors. As well as the AGM there are bi-annual regional meetings.

Benefits:

- The co-operative offers a great advantage to dairy farmers, providing a strong negotiating position with large buyers and leading multiples – compared to individual farmers who would be 'price takers', subject to arbitrary variation or loss of contracts.
- Being members of the co-op has given farmers the confidence to invest in developing their enterprises and herds with more certainty and reduced risk.
- The co-op offers technical and business support, plus opportunities to meet other members, powerful antidotes to the isolation experienced by many farmers in all sectors.

- For buyers the co-operative offers a stable quality assured supply base. Although they may not be able to make short term gains by driving down prices to individual suppliers in a weak marketing position, they can have confidence in long term supply and prices.
- For some buyers the co-op ethos is valued as it supports ethical business values.

Lessons:

- The success of a co-operative approach to supplying and marketing milk has resulted in more farmers joining OMSCo and a stronger position in the market for organic milk.
- OMSCo's co-op ethos enabled it to attract all the organic members of Dairy Farmers of Britain. Other milk sector organisations were seeking to 'cherry-pick' members which would have left smaller and remote farms without a secure market for their milk.
- Membership of OMSCO has enabled organic dairy farmers to supply all the major distributors and processors in the UK as well as leading multiples and European buyers.
- OMSCO's trading activities have helped to deliver robust performance for organic milk prices, compared with dairy produce in general and other organic lines.
- Member farmers have been encouraged to connect with consumers through farm holiday accommodation, farm shops and cafes, events and school visits.

10. Orkney Fishermen's Society, Scotland



Context and purpose of partnership

The **Orkney Fishermen's Society** is a fisherman's co-operative which operates crab processing factories and exports live lobsters, brown and velvet crabs. It has become a market leader operating two factories which process 1,500 tonnes of brown crab every year which it sells to retail and wholesale customers in UK, Europe and Far-East. It exports 250 tonnes of velvet crabs to Spain by truck and air-freights 40 tons of live lobsters direct to markets in Europe and Scandinavia. The Scottish Crab sector lands around 8,200 tonnes of shellfish, worth £20 million per annum – the co-op represents 22% of this lucrative market and catches 34% of the lobsters harvested in Orkney.

“the idea behind setting up the co-operative was to put the fishermen more in control of what happens to their product right through to the customer.” (Stewart Crichton, Manager, Orkney Fishermen's Society, Chairman, Orkney Sustainable Fisheries)

The co-op and its 200 members, including 70 active fishermen, have helped to revitalise the fishing industry in Orkney. Sales of crab products have increased in the last 5 years as crab products have become popular with consumers. The co-op is well placed to take advantage of the growth in demand as it has access to large local supplies of fresh crab and manages the largest crab processing factory in the UK. Sustainability is at the core of their commercial success, combining sustainable fishing methods with modern processing techniques. They are selective about their catch and apply quality standards.

“Provided the right management regime is put in place, the Scottish fishing industry has a great future harvesting a sustainable resource that is in huge demand from consumers around the world.” Ross Dougal, Vice President, SFF, Oct 2011

The co-op is a key supporter of **Orkney Sustainable Fisheries (OSF)** a not for profit organisation established in 2006 to run the local lobster hatchery and to work on projects relating to the future of inshore fisheries. In 2009 they appointed a **Shellfish Sustainability Officer** who established a programme of stock assessment, led a partnership initiative with European Marine Energy Centre (EMEC) and is preparing for **Marine Stewardship Council’s (MSC)** pre-assessment of local fisheries.

Orkney’s fisheries industry has been considering how best to maintain stocks and avoid the boom/bust cycle by applying local management measures. Evidence suggests that catches for crab and lobster are at or above the level of fully exploited which can result in the market being over-supplied at peak times leading to falling prices, or to unpredictable supplies. The solution is sustainable management practices including minimum and maximum landing sizes and pot limits. Members are keen to retain local control of inshore fisheries and avoid a quota system which would disadvantage local fishermen.

Motivation for collaboration

There is a cluster of innovative businesses engaged in sustainability that have revitalised Orkney’s economy including **shellfish and renewable energy**. The co-operative identified there is potential to expand its markets and sales, if they manage shellfish stocks sustainably – but that development of the **marine energy sector** could impact on traditional inshore fisheries. A higher standard of science and robust biological data are needed for the majority of shellfisheries and **Industry-Science Partnerships** have been proposed featuring the release of juveniles and ranching shellfish, particularly lobster.

In accord with the **Scottish Fishermen’s Federation (SFF)** manifesto launched in 2011, the co-op is working to: support marine spatial planning to enable renewable energy development alongside the harvesting of seafood; collaborate with industry and marine scientists to provide robust data on catches and stocks to inform sustainable management plans; maintain regional control of local inshore fisheries; influence consumer perception of a responsible industry maintaining sustainable fisheries.

“Sustainable catching opportunity must be a primary focus - we must not lose sight of the fact that we are harvesting food.” SFF Manifesto, April 2011

Partnership arrangements

In response, the co-op collaborated in a joint research initiative with the **European Marine Energy Centre (EMEC)** who provide open sea test facilities for wave and tidal marine energy converters located in Orkney. *(EMEC is a private company established in 2001, part financed under ERDP Highlands and Islands Objective 1 Partnership Programme, funding to date is around £30 million)* The project has engaged EMEC in recognising the potential disruption to traditional crustacean spawning grounds during deployment, and securing compensation for the fishery with the release of hatchery reared juvenile lobsters. Financial contributions to Orkney Sustainable Fisheries are being invested in research into shellfish stocks in local waters.

Benefits:

- The co-op's partnership with EMEC is channelling **commercial investment** into long term sustainable management of Orkney's valuable inshore fisheries.
- Collaboration between Orkney's inshore fisheries and renewable energy sectors is of mutual benefit, generating **sustainable commercial solutions as well as positive promotion** to buyers of shellfish products and 'green' energy.

Lessons:

- The co-operative nature of Orkney Fishermen's Society and its sustainability credentials are attractive to retail buyers and industry partners like EMEC. If Orkney's fisheries achieve MSC accreditation, this will help strengthen their market position within the competitive shellfish sector.
- SFF and the co-op are supporting improved traceability in the shellfish sector and fishery certification – with shellfish-specific, market initiatives by Seafood Scotland and Seafish.
- The co-op provides local fishermen with commercial processing facilities and marketing for their catches with high industry standards, which enables them to concentrate on fishing. The co-op offers buyers a stable and reliable supply of fresh shellfish which removes the chain of intermediaries, potentially affecting price and quality.
- The Scottish crab market is influenced by the produce of Ireland, Wales, England, Jersey and France - problems in marketing have been exacerbated by cheap imports. The co-op enables its members to market their shellfish products in a highly competitive market.

11. Ovesco and Harveys Brewery, Sussex

Context and purpose of partnership

The Ouse Valley Energy Services Company Ltd was established in 2007 to encourage energy-saving practices in domestic, business and public buildings, and to create local generation of non-polluting energy. In 2010 the company directors founded Ovesco Ltd to:

- help individuals reduce their energy bills and their carbon footprint
- contribute to local and national CO2 reduction targets
- generate electricity from green sources (solar, wind, etc)
- make jobs by supporting local firms to gain the benefit of this important new market
- reduce UK dependence on imported fuels
- assist local people whose houses are not suited to existing forms of renewable generation to make their homes more energy efficient.

The company already had three years' experience in managing Lewes District Council's grant scheme for domestic renewable installations including passive solar, photovoltaic, wood-burning stoves and ground-source heat pumps, and running energy audits on domestic and public buildings.

In 2011 it took on its most ambitious project to date, installing a 98kW solar photovoltaic array on the roof of local brewery Harveys to create the UK's first community-owned solar power station. The 544 photovoltaic (PV) panels will generate 93,000 kilowatt hours of electricity each year. The community share launch in April 2011 was attended by 300 people. Within five weeks the target of £307,000 had been reached and Harvey's brewed a commemorative beer called Sunshine Ale to celebrate the launch of the scheme.

Motivation for collaboration

Ovesco's long-term plan is to make Lewes District self-sufficient in renewable energy by 2030 and this scheme is an important step in that direction. The roof of Harveys warehouse provides a useful area on which is correctly oriented to the sun and well protected from damage by vandalism etc. Harveys have 'first call' on any power generated which they receive free of charge and can use to power their coolers (although currently most of the brewery's energy consumption is in the form of gas for process heat).

Partnership arrangements

Ovesco leases the roof area of Harveys warehouse for a peppercorn rent (literally one peppercorn). Harveys have 'first call' on any electricity generated which they receive free of charge. Any excess electricity can then be supplied to the national grid. Ovesco receive the full 'feed-in-tariff' from the government and a modest sum from the energy distributors for the electricity which is exported.

Benefits:

Ovesco have been able to take a large step towards their goal of energy self-sufficiency for the Lewes district. Harveys have secured a significant contribution towards their energy needs at very little cost.

Lessons:

The initiative has had a large amount of publicity and has helped to further the development of community energy companies. Power yields are matching predictions and the company should receive £31000 this year from the feed-in-tariff. Registration with OFGEM has been difficult and is not yet complete.

Now that the government has reduced the value of the feed-in-tariff the free supply of energy to Harveys and the 4% return to investors appear over-generous. It is hoped that some investors will be able to accept a lower return to allow the company to continue to grow.

12. Riverside Market Garden, Cardiff



Context and purpose of partnership

Riverside Market Garden is a 5 acre community-owned organic horticulture enterprise, located on farmland leased from the Coed Hills estate 10 miles west of Cardiff. The mission is to create a sustainable model of local food production and distribution – and to make the very best fresh produce available to local families and caterers.

The Market Garden is now in its third year of operation. This year it is producing around 60 crops, including vegetables, salads and herbs. These are delivered weekly to vegetable box customers in Cardiff and other locations, and to a number of restaurants.

It has developed some very successful relationships with pubs and restaurants in the city who enjoy the fresh, tasty, locally grown produce. These relationships are becoming more than just one of a supplier/buyer. As the new growing season approaches, the RMG manager and the chef are now sitting down to plan what crops should be grown this year, in what volumes, and pricing expectations. Some of the pubs in particular make a highly visible display of their link with RMG as a local source of fresh vegetables and salads.

Motivation for collaboration

Whilst the enterprise began by focusing on the domestic marketplace through its veg box offer, the emphasis has now shifted to the trade sector. For RMG, there is a significant advantage in developing this marketplace where large volumes of seasonal produce can be dropped off once or twice a week. This trade area is proving easier and also more profitable than the veg boxes delivered to consumers. By developing a loyal customer, RMG can plan its production system with confidence a full year ahead, and it is also influencing business decisions such as whether to invest in equipment such as a new polytunnel to meet the needs of this customer group.

For the restaurants, the offer which RMG makes is very attractive - the veg is fresher and of better quality than anything else available locally, so they have an interest in securing their supplies. They can also market the provenance of the vegetables as 'locally grown' and the supplier as 'locally owned'.

Partnership arrangements

The RMG manager, a former chef and deli owner, finds this an easy sell; by taking a box of fresh veg into the restaurant and having a foodie chat with the chef, he is almost assured of a buy-in. The trading relationships begin with a box of seasonal veg dropped off once a week, but this has developed in a few cases to the more collaborative approach described above.

Benefits

The numbers of restaurant customers is slowly growing, although the manager expects this to plateau at some point next year. In one restaurant, the owner's Italian mother has sent over salad seeds from Italy for RMG to try growing. Perhaps the most tangible evidence that everyone is happy is that RMG demands cash on delivery, helping its cashflow position, and the restaurants are happy to comply.

RMG is also now planning to produce micro-leaves - punnets of just sprouted seedling vegetables for use as a garnish - a model which has been trialled by others and which can prove profitable. In this way the established customer base allows the enterprise to innovate and discuss new ideas with a receptive marketplace.

Lessons

Whilst most small producers of this nature have focused on selling direct to the end consumer, where the best prices can be obtained, the ease of distribution and the loyalty of the trade customers more than compensates for a slight loss of margin. The close working relationship and trust between the parties gives confidence to RMG in its sales forecasts and safeguards against growing unmarketable produce.

European and International Case Studies

13. Co-operativa Agrisviluppo Cuneo, Italy

Context and purpose of partnership

Agrisviluppo is an agricultural co-operative founded in 2010 with around 100 members producing both primary and processed products. It was founded by the local branch of the Italian farmers' union Coldiretti which provides political representation and technical advisory services to its members. In the province of Cuneo it has 20,000 members and 400 employees. All the Directors of Agrisviluppo are members of the governing council of the Cuneo Province of Coldiretti. Agrisviluppo is a commercial project for the farmers' union which was established to develop local markets for local producers and provide consumers with 100% guaranteed local and regional products.

Motivation for Collaboration

The co-operative was established as a distribution and marketing mechanism for local products carrying the 'ØKM' label (or Zero KM) which has become the cornerstone of the co-op's marketing strategy and identity. The standards associated with ØKM are set by the co-op and applied to members' production. All ØKM products have to be 100% regional in origin and demonstrate a regional supply chain. Products are only sold to co-op members, regional retail outlets, processors and consumer buying groups.

Agrisviluppo has been established as a collective distribution platform with ØKM as its main marketing tool. The co-op operates to make local produce available to local retailers and customers. While the ØKM trademark is a registered label of Agrisviluppo, the '0' KM concept is widely used throughout Italy to promote local and regional products and support the development of localised supply chains, in particular in North and central Italy. The '0' KM campaign includes initiatives such as automatic vending machines selling local milk¹.

Partnership arrangements

Co-operativa Agrisviluppo currently has a turnover of approximately €5 million² (£4.3 million) built on a membership of 97 producers. The product range includes fresh fruit and veg, fresh meat and poultry, bread, cheese and dairy products. Outlets selling ØKM' products include farmer owned and managed individual or co-operative shops, market stands, independent retailers and supermarkets including regional and national chains. Customers include public sector institutions like schools, hospitals and care homes, together with private restaurants.

Agrisviluppo's commercial policy is to sell to any customer within the region that will adhere to its partnership agreement, and meet minimum order requirements. The co-op does not have a depot but acts as a virtual distribution centre by collating orders and co-ordinating

¹ The Veneto region (another example is a pasta producer using only Italian durum wheat flour - almost all commercial pasta produces use significant quantities of imported flour).

² figure provided by Snr. Milone CEO of Agrisviluppo Decemeber 2011

distribution, which is principally undertaken by its members, as well as providing a single invoicing point for customers. It leads commercial and promotional activities including liaison with public purchasers on contract tenders which specify '0' KM or local/regional products.

To support its members to meet health, hygiene and production standards, Agrisviluppo provides individual and group technical services featuring site visits and training workshops, to ensure all products meet rigorous standards, for example IPM standards and Protected Geographical Status.

Agrisviluppo operates to make local produce available to retailers. All outlets sourcing and selling ØKM products have to display the ØKM label alongside the product, together with information about the product and producer. This rule applies to all retailers, including supermarket chains like Auchan and LeClerc. Agrisviluppo has a partnership agreement with the regional supermarket 'MaxiSconto' owned by Dimar, which sell ØKM products in around 20 of its outlets. The supermarket publicises the trading agreement on its website. The company regards the promotion of local products and support for local producers as part of its commercial strategy to distinguish itself from its competitors. In contrast, Auchan and LeClerc do stock ØKM products in specific outlets but in response to customer pressure.

Agrisviluppo also supplies over 100 public canteens and central kitchens, including those run by transnational contract caterers such as Sodexo, alongside schools and hospitals, fire stations and care homes. The majority of contracts are very small but tenders include specific reference to local and Økm products. There does seem to be support from decision makers to favour the use of local and regional products by public canteens. Alongside retail and catering outlets, there is a growing number of farmers or ØKM markets which require producers to sell products 30% below market (supermarket) prices³. In addition, there are consumer buying groups which order directly from Agrisviluppo.

Benefits:

- **Coldiretti as a national farmers' organisation** - protects the interests of its members and the Italian farming sector⁴ by supporting local producers and their products, both politically and practically. It is a leading sponsor of the 'Slow Food' movement.
- **Agrisviluppo with the ØKM label** - provides effective marketing and PR to promote producers' businesses, influence government policy and inform consumers attitudes.
- **Membership of the co-op** - and application of its label strengthens farmers own product ranges and direct sales via farm shops. Producers are encouraged and supported to diversify their farm businesses and expand production.
- **Marketing** - the requirement for retailers to have information panels at all sales outlets selling ØKM products helps to promote and increase customer awareness of local food.
- **Distribution** – the virtual trading platform, centralised collation of orders, co-ordination of deliveries and single invoicing point enables individual farmers to access wider markets.
- **Local supply chains** - reduced greenhouse gas emissions is a key objective of Agrisviluppo⁵. As members and customers increase, together with the sophistication and

³ This point needs some clarification

⁴ at national level the '0' km campaign is put forward as being focused on a 100% 'Italian' supply chain whereas at regional level the focus is always on the 'regional/local' supply chain

⁵ as far as the authors are aware no studies have been undertaken regarding reductions in greenhouse gas emissions

localisation of logistics, Agrisviluppo is able to localise supply chains so that retailers and customers can source products locally, reducing food miles and increasing food security.

- **Sustainability-** retail, catering and buying groups sourcing OKM products are seen to be demonstrating commitment to local producers and sustainability.

Lessons:

- **Transferable model** - development of the 'ØKM' brand with standards for 100% regional sourcing and only sold in the region, plus fixed pricing set by the co-op could be adapted for the UK. It offers an inclusive model as the co-op's product range features food items produced to a variety of social and environmental standards including organic.
- **Collaboration and mutual benefit** – the commercial success of the co-op and its OKM brand results from it being established by the Italian farmers' union Coldiretti for the benefit of all local farmers. The model supports farmers to reclaim commercial power from retailers, who are no longer all-powerful intermediaries setting commercial and quality standards. The model ensures retailers cannot appear to support regional producers while continuing to offer conventional trading agreements and low prices.

14. GAS and Inter-GAS, Italy

Context and purpose of partnership

Gruppo D'Aquisto Solidale (GAS) buying groups and Inter-GAS territorial networks comprise 700 registered groups across Italy, while the total number of groups is around 2,000.

GAS are groups of consumers using their joint purchasing power to buy socially and ecologically sustainable food at fair prices and create a community-based alternative to commercial retail outlets. GAS are very varied, some informal and some registered not-for-profit associations or consumer co-operatives. The movement was launched in 1994 and has grown rapidly now involving over 100,000 people across the country, with large clusters in Central and Northern Italy. Usually GAS are set up by small groups of consumers who undertake joint ordering of both food and non-food products from local, regional and national suppliers. Publicity is usually through the Internet, word-of-mouth, local and national media.

Inter-GAS are territorial networks of GAS groups acting as information points for individuals and organisations interested in GAS by providing listings of local groups and information on GAS history and achievements. In addition, they facilitate collaboration between GAS through working groups and committees that discuss and implement education, training and support programs along with joint purchasing. Inter-Gas are non-hierarchical, they do not represent individual GAS groups, participation is open to all members in the locality.

Motivation for collaboration

There is strong motivation in Italy to create an alternative economic system and GAS offers individuals and groups the opportunity to build an alternative trading system and create new employment. Development of GAS and Inter GAS groups, relationships within buying groups and between suppliers and partners is often 'anarchic' which has positive and negative outcomes. There is resistance to formalise structures by creating hierarchies which could imitate those of the conventional market economy. However, most groups do recognise the need for joint educational, training, promotional and commercial activities which can reinforce the economic viability of GAS groups, increase membership, guarantee secure markets for suppliers and support joint projects for the benefit of both producers and members.

GAS's objective is to establish direct and ethical relationships with suppliers to ensure fairer prices for consumers and develop a new economy based on the principles of solidarity and sustainability. *Alongside GAS there is a parallel movement to establish Solidarity Economic Districts by engaging all stakeholders involved in alternative economic activity within a locality and providing support services for new social enterprises.* Some GAS groups have memberships of over 1,000 consumers and Inter-Gas networks like Milan can represent over 10,000 members, representing significant purchasing power and investment potential.

Partnership arrangements:

- **GAS local groups** - enable individuals within a town, city or rural area to joint purchase a range of products including fresh and processed products, local and organic food, fair trade items including fish, clothing and textiles, ecological DIY and cleaning products.
- **GAS has supported the growth of 'solidarity enterprises'** - where small local family firms or start-ups which are often co-operatives have developed new products for sale to

GAS using local as well as Fair Trade primary or semi-processed materials. GAS trading promotes partnership working with Italian and Fair Trade producers' organisations which meet social and eco-production criteria. GAS offers an ethical and sustainable alternative to capitalist business, rooted in local communities with local supply chains.

- **GAS groups have established community facilities** – including nursery schools and crèches, as well as cultural and social centres with bars, cafes and restaurants.
- **GAS members have invested in renewable energy schemes** - for example the Cascina Stanta Brera photo-voltaic installation near Milan which secured €100,000 of capital investment from members.

Nature and development of relationships/partnerships:

Commercial partnerships established by GAS with their suppliers follow **5 models**:

1. Simple— where suppliers are mainly large Italian or international companies, particularly of ecological household and DIY products, including nappies. Whilst these suppliers may adhere to strict ecological production standards, GAS represents a very small percentage of their market and there has been little incentive to develop partnership agreements.

2. Local individual supplier with CSA⁶ style relationship - where GAS membership can reach several hundred or even thousand, this can represent a significant and in some cases majority market for small local producers. Many GAS have developed partnership agreements similar to CSAs where there is a solidarity contract between supplier and customer to guarantee both supply and price, usually for the seasonal year. An example is the trade in honey between the BioRekk GAS of Padua (500+ members) and the honey producer **Apicoltura Mellarius**. Together they analysed the real costs of producing a kilo of honey and established a fair price which guarantees both supply and orders.

3. InterGas collective supply agreements - where longer distance logistics require both greater order size and the co-ordination of ordering and invoicing. Inter-Gas Milan has established a project supported by 'Pesce d'Aprile' the fisheries section of the Italian National Co-operative Federation working with a fishing co-op based in Parco Naturale della Maremma. InterGas Milan co-ordinates orders and distribution of fish products to individual GAS. A more common occurrence are collective orders from northern and central Italian GAS for southern Italian products, in particular citrus fruits.

4. Solidarity contracts with suppliers - usually agricultural co-operatives. This is a new development spearheaded by the La Terra et il Cielo (LTIC) an organic cereal producer and pasta co-operative based in the le Marche region. The co-op has 100 producer members, an €8 million turnover and a strong ethos focused on ensuring livelihoods for small farmers and maximising added value within the region. LTIC has supported GAS from the start and prompted by the growth in GAS membership LTIC developed a contract with GAS based on a mutualisation of responsibility for the long term development of a more ethical and just economic system. LTIC guarantees to supply a range of listed products to GAS groups and

⁶ Community Supported Agriculture - where producer and consumers work together through an agreement or contract; with the consumer group guaranteeing to purchase all (or a defined percentage) of producers output, with agreed prices, advance payments and a commitment by the producer to work on behalf of the consumer group.

offer a special 'solidarity' price based on the costs of production. 'Adesso Pasta' and its 'GAS Eco' product list was launched in October 2010. Features of the contract include:

- GAS group guarantees to purchase a minimum of €2000 of 'solidarity' product per year, with a maximum of 4 orders. If the GAS group does not fulfil the minimum order they will be invoiced for the difference between 'solidarity' and normal prices for all purchases.
- The GAS group makes a deposit of 20% of the minimum order as part of the contract - as a guarantee from LTIC to supply and a sign of the GAS group's commitment to purchase. The deposit is returned at the end of the contract or carried into next year.
- Payment is made within two weeks of delivery. All products must be sold as whole boxes
- 1% of the GAS group invoice is donated to a solidarity fund and 1% contributed by the purchaser. The price paid by the GAS is 101% of the list price, 2% goes to the fund and 99% is retained. Every year both parties agree where to reinvest the funds.

5. Joint development of solidarity ' businesses' or initiatives - which fall into two groups. First, where the GAS seeks to support small local artisan garment or footwear producers by promoting Fair Trade and local economies. For example, the 'Made in 'No'' (Novara) project initiated by local GAS working in partnership with a Brazilian supplier of organic and unbleached cotton and small local family or individual businesses. 'Made in 'No'' producers now offer a range of underwear, baby and children's clothes and a limited range of adult clothing based on the concept of creating a fair trading and production system which benefits small-scale producers globally in the North and South. Second, illustrated by a joint initiative between BioRekk GAS of Padua and the El Tamiso co-operative, their principal supplier of organic fresh fruit and veg, who collaborated in a public tender for the management and development of 9ha of peri-urban land in Padua. The plan involves the GAS and producer co-op in joint development of an organic 'city farm' for production, education and recreation.

Benefits:

- **GAS groups** - enable individuals to jointly purchase a range of products at affordable prices including fresh local and organic food, fair trade items and clothing.
- **Growth of 'solidarity enterprises'** - small local family firms or start-ups which are often co-operatives, developing new products for sale to GAS using local as well as Fair Trade primary or semi-processed materials.
- **Producers** - can develop long-term relationships with GAS groups which guarantee fair economic returns and stronger links with consumers and urban communities.
- **Partnership agreements** - between suppliers and buyer groups ensure markets and secure supply, within the context of wider ethical trading networks.
- **Collective supply agreements** - where longer distance logistics requires more co-ordination of larger scale ordering and invoicing eg. Italian fresh fish or citrus fruits.
- **Buying networks** – enables members to access goods and services that would be unavailable or more expensive individually.
- **Promotes ethical sustainable trade** - for Italian and FairTrade producers' groups with social and eco-production criteria, supporting local supply chains and communities.
- **Groups have established community facilities** – including nursery schools and crèches, as well as cultural and social centres with bars, cafes and restaurants.
- **Members' investment** - in large scale renewable energy schemes.

Lessons:

- **GAS movement is creating new markets** - that ensure the survival of small, local and sustainable producers who are often excluded from mainstream markets.
- **Contracts with agricultural co-ops** - new development led by the La Terra et il Cielo (LTIC) an organic cereal producer and pasta co-operative, guarantee to supply a range of listed products to GAS groups and offer a special 'solidarity' price based on the costs of production. 'Adesso Pasta' and its 'GAS Eco' product list was launched October 2010.
- **CSA type relationships** - where GAS membership represents a majority market for small local producers GAS has developed partnership agreements similar to CSAs where there is a solidarity contract with the supplier to guarantee both supply and price, usually for the year eg. BioRekk GAS of Padua and honey producer Apicoltura Mellarius.
- **Joint marketing** – by pooling resources GAS groups and membership increases public awareness of GAS and encourage local communities and business to get involved.
- **Large scale and scope of GAS trading activities** - demonstrates it is possible to create a high volume alternative market operating to ethical trading principles.
- **Suppliers require professional support from GAS** –to develop longer term production plans to supply new and larger scale markets, including business planning and advice.
- **Suppliers develop effective business models** – in response to supplying GAS, combining efficient production with ethical trading eg. IRIS pasta co-op in Lombardy.
- **Large international suppliers** – of eco household and DIY products, there is little incentive to develop partnership agreements with GAS as its a small market %.

15. MIGROS, Switzerland

Context and purpose of partnership

Migros consumer co-operative federations operate in each of the Swiss cantons, they are part of a national Federation. Migros is the largest supermarket chain in Switzerland with over 2 million members and 37% of the Swiss market. It is the largest private-sector employer in Switzerland having developed a wide range of commercial activities including an insurance company, bank and language schools. Migros was one of the first European supermarket chains to launch an environmentally responsible food range which includes fruit and veg with its M-Sano label launched in 1970.

In 2008 Migros was defined by the ratings agency Oekom research as the world's leading multiple retailer in terms of the promotion of sustainable development⁷. Each year Migros puts 0.5% by value of retail sales and 1% of wholesale sales into a fund to promote social and cultural projects, approximately £85m in 2007.

Motivation for collaboration

Migros' business strategy towards retailing 'sustainable products' has resulted in their development of partnership agreements with national and international organisations which supply certified products with social and ecological guarantees. By 2011 retail of sustainable products by Migros' outlets had expanded to represent 51% of food and non-food sales.

Partnership arrangements

In the food and textile retail sectors Migros has supported development of 6 partnerships:

- **“De la Région” label** – is the most relevant of the labelling partnership. Each regional federation of Migros across Switzerland now offers a range of regional products under this label which are both produced and sold within local cantons according to defined sustainability criteria. All products carrying the ‘De la Région’ label must include 90% of ingredients which conform to agreed sustainability standards which include: produced under the Swiss agri-environment scheme; certified organic under Swiss regulations; ‘Viande Suisse’ production standards of the Swiss Small Farmers Association - conforming to Swiss animal feed and welfare regulations, transparency in the supply chain from birth to slaughter, guaranteed 100% Swiss, no GMO ingredients.

Migros's federal consumer co-operative business model contributed to the development and success of the ‘De la région’ label. It began in the Canton of Lucerne in 1999 as a response to food scares, aiming to guarantee the regional origin of animal feed for meat products sold in Migros' supermarkets in the area. Within three months of its inception the new labelling system was developed and since 2006 all Migros federations across Switzerland sell a wide range of 8,000 guaranteed regional products. Full traceability and adherence to ‘De la Région’ standards is ensured by strict supply chain auditing.

- **TerraSuisse label** - developed by IP Suisse a national association of Swiss farming organisations, denoting products produced under IPM/ICM techniques. Standards also imply integrated farm management including an emphasis on mixed farming and

⁷ oekom research AG is one of the world's leading rating agencies <http://www.oekom-research.com>

biodiversity. Around 20,000 Swiss farmers are members of IP Suisse and 12,000 of them sell their products under the TerraSuisse label through Migros.

- **Migros 'Bio' organic label** - developed with Bio Suisse and National Institute for Organic Research. All products sold in the supermarkets meet Swiss organic standards.
- **'Eco' textile and 'Coton Bio' organic cotton labels** - developed in partnership with Helvetas the Swiss development NGO, including sponsoring projects to develop organic cotton production in African countries including Mali.
- **Max Havelaar fair trade label** – developed in partnership with Migros in 1994, by 2010 sales of fair trade products had expanded to approx £58 million. Migros played a key role launching the sale of fair trade bananas in Switzerland, following the Netherlands.
- **Marine stewardship Council (MSC)** - Migros was the first Swiss multiple to enter into a partnership with MSC and now sells fresh and frozen MSC certified fish.

Benefits:

- **Market leader** - development of the 'De la Région' label alongside other sustainability partnerships and labelling systems has contributed to strengthening Migros's position as market leader in the Swiss retail sector. It has achieved international recognition as the leading global supermarket chain promoting sustainable development (Oekom).
- **Promotion of Swiss products** - Swiss farmers value the commitment of supermarket chains, in particular Migros and the Swiss Co-op, to promotion of Swiss products and the establishment of long-term commercial relationships with producers. In addition, the agri-environment scheme in Switzerland underpins support and preservation of traditional small scale family farms, which are valued as a vital part of national culture and identity.
- **Development of organic labelling** – promoted production and sales of organic farm products across Switzerland by Migros outlets, as well as by other leading retail chains.
- **Launch of fair trade ranges** – Migros pioneered the development of Fair Trade ranges and supported the interests of Southern workers, confirmed by IUF and Gebana, Swiss based trade union federations in the agri-food sector.

Lessons:

- **Migros's business strategy** - demonstrates how strong commitment to sustainable development and improved supplier relationships can help build a market leader.
- **Labelling and transparent supply chains** - make it easier for consumers to make informed choices. In Switzerland consumers buying the 'De la Région' label know products are produced and sold locally, while the 'Terra Suisse' label markets national products produced to environmental and social standards.
- **Consumer choice** - the success of the 'De la Région' label, its principles and standards could be adapted to the UK situation where quality control and purchasing decisions can be made at local and regional levels. Through partnership development of 'Terra Suisse' and 'De la Région' as strong labelling systems with full traceability, Swiss consumers are offered ranges which enable them to make purchasing choices which directly benefit national and regional economies and contribute to sustainable farming.
- **UK retailers** – could consider developing 'brands' which enable consumers to choose buying more products being from sustainable sources, thereby delivering added benefits to local/regional producers and their communities.

16. Natural Food Co-operative, Japan

Context and Purpose of Partnership

Natural Food Co-op is a Japanese consumer co-op with 72,000 members providing weekly home deliveries of organic and Japanese fresh, frozen and processed foods, alongside a small range of imported goods. It operates from a mechanised distribution centre.

Motivation for collaboration

The organic movement in Japan has a long association with the co-op movement and has a history of producer- consumer collaboration. Until now, most organic food has been distributed by member run teikei groups, typically of 50 housewives who offer voluntary work to a farm. Teikei groups are weakening as women become too busy to volunteer. Natural Co-op provides a convenient alternative as it does not require volunteer labour. Also it offers a market for organic producers struggling with over supply to the diminishing teikei groups. The operation is efficient and mechanized with stringent quality control systems.

Partnership arrangements

The Natural Co-op is a consumer co-op with a board elected from 72,000 members. There are 150 staff of which 44 work on the automated packing line. Producers do not have voting rights but are offered pre-season contracts, they are responsible for delivering to the warehouse. The Natural Co-op sets prices, including a mark up. Some producers are organized into supply co-ops but 50% are individual farmers typically on farms of 1.5h. The turnover is 9 billion yen - 3 billion yen of organic produce is sold each year. Co-op prices are lower than supermarket prices, the organic premium is 20%-50%. Members pay 3000 yen (about £23) to join. Some lend to the co-op with withdrawable loans which give no interest or dividends. Capital investment comes from reinvestment of surpluses and consumer loans.

Producers deliver pre-ordered items to the warehouse. Goods are labeled on delivery so that consumers can trace them to the farm where they grew. This is one of the few outlets for certified organic produce in Japan, 50% of the veg suppliers use no pesticides, 30% of the veg is certified organic. Supermarkets sell very little organic food, most is sold via close knit consumer groups who know and trust their farmers' methods and do not need certification.

Every week the co-op sends out a brochure of products including fresh and frozen produce, meat, vegetables, ready meals, processed goods and ready to cook raw meals. The 40,000 members submit orders, 20% of them order on-line, the rest order with paper forms which are automatically entered into the computer system. The box packing system is highly automated and capital intensive, the computerized system creates picking lists for every box, which are made up from a conveyor belt. They are home delivered via regional distribution hubs in polystyrene boxes which are returned by the consumer the following week.

Benefits:

- **Reliable market** - for coop producers and organic food.
- **Promotes Japanese food** – and contributes to food security.
- **Co-op prices are lower** - than supermarket prices.

- **Consumer loans and reinvestment of surpluses** – provides capital investment.

Lessons:

- Co-op does not provide connections between farmers and consumers as its **too big** to promote local food or for members to know each other. It is **less democratic** than smaller groups as few members take an active role on the Board.
- The co-op has potential to bring farmers and producers together for **effective lobbying**.
- Many of the product lines offered by Natural co-op are **processed**.

17. Restaurants du Coeur, France

Context and purpose of partnership

Restaurants du Coeur (RDC) is a not-for-profit community interest association providing a variety of food and retraining services to marginalised, homeless and unemployed people in France, Belgium, and Germany. RDC was founded in the mid-1980s by 'Coluche' a famous French comedian and social campaigner, in response to the destruction of food in France and the EU to keep market prices stable, while many people were homeless and hungry.

Motivation for collaboration

While a large proportion of RDC's revenue comes from individual donations, it has developed long term relationships with multinational and French-based food businesses, including Danone, Carrefour and Sodexo. These partnerships are governed by a strict code of practice established by RDC⁸, which prevents TV or high street advertising campaigns that use images of their food poverty relief work. However, customers are aware of supermarkets' sponsorship of RDC through food donation days in their foyers. Some commercial partners also offer in-kind training and work placements, or employee volunteering with RDC projects.

Partnership arrangements

'Restos du Coeur' have become a national institution in France, with 177 local associations throughout the country helping 1 million people every year. It receives donations and bequests worth 74 million euros per annum, from over 540,000 donors. RDC's services benefit around 860,000 people with support from 60,000 volunteers. It distributes 109m meals a year through 2,000 centres and 104 mobile hot meals units. It manages 629 accommodation centres for homeless and unemployed people. RDC manages 96 'Jardin du Coeur' projects that offer horticultural training to support people back into employment. marginalised people. Services provided include:

- **Food Aid** - between December and March volunteer workers distribute food parcels for home cooking, hot meals for homeless people and food aid for young children.
- **Accommodation - Emergency centres** offering short-term accommodation with social medical and psychological support; **Life Places** which are centres offering long-term accommodation, often in the country, aimed at helping people to rediscover skills for community living; **Social residences** offering people autonomy and long-term accommodation; **Support** in finding and keeping long-term employment.
- **Food aid for children under 18 months** – 'les restos bébés du cœur' aimed at marginalised families, services include: **food parcels** for infants under 18 months; **care parcels** containing clothing, nappies, hygiene products, toys ; **paediatric and dietary advisory service** delivered by volunteer midwives, paediatricians and social workers.

Commercial partners support RDC's activities in a variety of ways:

⁸ can be translated if required

- **Skill sharing and professional training** – for example, throughout the year Danone employees share their skills and expertise with RDC's volunteer workers, including in IT, logistics, nutrition and human resources.
- **Supported employment contracts** - commercial partners are providing 1,460 supported work placements for marginalised people. Danone offers volunteer workers professional work placements to help them develop skills useful for future employment. Carrefour and Sodexo both offer short-term and long-term contracts to individuals taking part in RDC's social and re-employment projects.
- **Providing support with National Food Collection Day** – employees of Danone and Carrefour help volunteer workers from RDC with the organisation and operation of food collection normally taking place in supermarkets foyers where consumers donate food items at Carrefour stores. In 2010 over 3,000 employees of the two companies volunteered during paid work time⁹.
- **Special promotions** – for example, in special 'promotional offers' at Carrefour supermarkets for every four Danone products sold, one meal will be donated, resulting in one million meals being gifted in 2010. Sodexo donates ready-made meals.

Benefits:

- **Pro bono support** – access to professional expertise and in-kind technical and logistics training and support from corporate partners enables RDC's staff to focus on delivering its core support services to vulnerable groups.
- **Positive profile** – corporate employees and the public are aware that the majority (91%) of commercial sponsorship for RDC's food poverty relief services directly benefits those in need¹⁰. Corporate commitment to the charitable food poverty relief work of RDC contributes towards a positive public profile which is well regarded by consumers.
- **RDC provides a framework for responsible corporate action** – defined rules of engagement for commercial partnerships and strictly observed media and PR guidelines for partners avoids clashes of interest and ensures its services are not compromised.
- **Social responsibility** - in the case of Danone support for RDC fits with its global initiatives to support sustainable and social enterprises. For example, in Bangladesh Danone has developed a social enterprise in conjunction with the Grameen Bank to produce a low-price yoghurt containing dietary supplements designed to help reduce infant malnutrition among those living below the poverty line. While part funded by Danone, the social enterprise does not generate profit for the company. Marginalised people are offered Grameen loans to set up their own businesses to sell the yoghurt¹¹.
- **Social justice** – forging commercial partnerships between the corporate and charitable sectors helps to build bridges between marginalised groups and society. Commercial support for RDC allows companies to engage with a politically active charitable organisation that promotes social justice, thereby acting as a 'Good Samaritan'¹².

⁹ there are specific government incentive schemes which enable companies write-off such staff time contributions against tax

¹⁰ RDC's administration costs take up only 9% of income with 91% being spent on operational services

¹¹ There are a number of other initiatives in the South which can be detailed if required

¹² In Italy there is a specific piece of legislation called the 'Good Samaritan' law which allows contract to donate unused cooked meals to charitable or social enterprises providing food to the marginalised and 'needy'.

- **Employee involvement** - partnership working provides corporate employees with opportunities to engage in volunteering. Employee volunteering with RDC's projects may also help reinforce their commitment to their corporate employers.

Lessons:

- **RDC has created a 'brand' and publicity mechanism** - designed to raise awareness of its mission and services alongside those of its commercial partners. RDC's 'brand' offers mutual benefit as it is reinforced by positive partnership working. It provides a strong framework for corporate support at both institutional and employee levels.
- **Scale of operations** - RDC is a major social, cultural and economic player which has established a strong framework for commercial partnerships, which takes account of corporate needs but is not determined by them. It offers replicable models of commercial co-operation where RDC sets the terms of the relationship, ensuring their services and key messages are not overshadowed by their corporate sponsors' business strategies.

18. Regional Wert AG, Freiburg, Germany

Context and purpose of partnership

Regional Wert AG, Freiburg exists to support and develop a local food supply chain that is economically viable, socially responsible and managed sustainably from field to plate. The business was founded by Christian Hiss who started the limited company by using his own bio-dynamic farm as base capital. When he was refused mainstream financing for plans to expand his farming activities he decided to learn about finance and try to align his financiers' principles with his own. To that end he started a community financed business which now has a capital value of 2 million Euros and is owned by 500 shareholders of whom 75% live in the local area. The business supports 16 farms, manufacturers, distributors and retailers. All partner businesses work to a set of criteria that was developed with the shareholders and businesses regularly report on those criteria. The criteria cover employment benefits, ecological considerations and the local economy.

Motivation for collaboration

The motivation of both; the citizens who finance the business and the partner businesses; centres on the way finance can be used to enable and drive sustainable development. The businesses that are supported by Regional Wert AG would otherwise not exist or not be able to meet their own ambitions to manage the business sustainably.

Partnership arrangements

There is wide-ranging collaboration between the businesses that are part of Regional Wert AG, for example:

- Two Regional Wert organic retailers stock produce from partner businesses.
- A business drying organic vegetables and fruit uses surpluses from partner businesses.
- A grower and dairy work some land together (clover leys during rest period are used for cows) and the growers' box scheme and farm shop also sell the dairy farm's produce.
- A Regional Wert property business supports partner businesses, most notably it rents the building (an unused village pub) that the new veg/fruit drying manufacturer uses.
- Some of the produce from partner businesses is sold to local hospitals.
- Another partner business, an organic catering business, supplies schools and kindergartens.
- Regional Wert AG's own delivery service supplies households, offices and local shops with produce from all partner businesses.
- A local group of researchers focussing on the social and environmental benefits of farming, they work on a regional, national and international level supports the development of workable criteria for the investments of Regional Wert AG.

Benefits:

- Young farmers and entrepreneurs are enabled to set up their own sustainable business where there would be no mainstream finance available.
- Citizens investing in the business are enabled to participate and support the way their local area is farmed.
- More sustainably farmed and manufactured food available in local stores.
- Efficiency through collaboration across the supply chain.
- Investors who are aligned with partner businesses' principles and aims.

Lessons:

- Availability of an economic model for developing strong local supply chains that is applicable elsewhere (similar models are already functioning in other parts of Germany).
- Social benefits (employment, minimum wage, long-term contracts, quality jobs etc).
- Environmental benefits, e.g. increased organic production.
- Increased resilience through local food production and well networked businesses throughout the supply chain.

19. SYSCO & National Good Food Network, USA

Context and purpose of partnership

SYSKO Corporation has been piloting the 'National Good Food Network'¹³ in the USA in the regions of Grand Rapids, Northern Michigan and Kansas City.

Sysco Corporation markets and distributes food products to the 'Out-of-Home' sector. It is the global leader with a \$40 billion turnover. **National Good Food Network** is an initiative pioneered by the Wallace Center, based at Winrock International, a foundation that serves civic, business and philanthropic organizations engaged in building a new good food system in the United States.

Motivation for collaboration

The Wallace Centre is focused on advancing regional, collaborative efforts to move healthy, 'green', fair-trade and affordable food beyond direct-marketing into larger scale markets. The aim is *'more producers benefit, more communities have viable economies and greater access to good food, and a greater number of acres are managed through sustainable practices'*. As part of their strategy the Centre developed a National Good Food Network to:

'Serve as a networking, communications and information hub, providing practical knowledge, learning models and valuable connections for both for-profit and non-profit groups involved in building a new good food systems, and to stimulate development of nodes of regional work by investing in collaborative efforts in scaling up aggregation and sales of good food to more substantial wholesale channels' (1).

Around 10 years ago Sysco Corporation¹⁴ began to recognise weak points in its business model. Sysco had achieved a leading position by offering its customers including schools and hospitals, products based on lowest prices and convenience. However, their focus on constant streamlining to gain efficiencies had resulted in a very narrow product range that many customers were questioning and rejecting. For example, restaurant chefs and school cafeterias were beginning to ask for products that Sysco could no longer source easily as a result of their 'industrial approach' to food supply and distribution.

Restaurants, schools and other food service customers began demanding more flavour, variety and a real connection to food producers. They wanted a wider range of freshly harvested fruit and veg, to support local farmers and local economies, to know the 'story' behind the produce, plus increased accountability on labour and environmental practices.

At the time most of Sysco's 185 regional operating units in the USA offered only two varieties of apples, Red Delicious and Golden Delicious. The rationale was the industrial food sector's drive for cost-efficiency, which had reduced choices across the commercial food system. Apples and many other products offered by leading food service providers and retailers were reduced to a few varieties that could withstand long distance transportation and still retail at a low price because they are produced in large volume.

¹³ From a report produced by the Wallace Centre

¹⁴ Sysco was also one of the founding corporate members of the US Based Sustainable Food Laboratory (a global initiative) 'The Sustainable Food Lab is a consortium of business, non profit and public organizations working together to accelerate the shift toward sustainability <http://www.sustainablefoodlab.org>

Rick Schnieders, Sysco's CEO from 2003-09, was instrumental in change as he realised that demand for more product diversity and increased connection with local producers needed to be addressed as a long-term trend. He identified the best way to keep and win new customers would be for Sysco to find new ways to source from farms and other food businesses to help the company meet customer demand for greater variety and stronger social and environmental values behind the food they bought. Also, Sysco has a programme to encourage producers to develop integrated crop management practices. Currently approximately 920,000 acres of suppliers' land is managed using IPM techniques.

Partnership arrangements

In 2008 the Sysco and Wallace partnership designed its two-year 'Success for Family Farms' project around the flexibility of its 185 independent regional operating companies. Craig Watson, Sysco's vice president for quality assurance and agricultural sustainability, led the project team. It chose two regional units that were ready and willing to innovate as the project's pilot locations: Sysco Grand Rapids, which distributes to customers in western Michigan and northern Indiana; and Sysco Kansas City, which covers the state of Kansas and the Missouri regions east of Kansas City to Columbia and south to Branson. Sysco Grand Rapids and Sysco Kansas City continued as regional pilots in the project's second year, 2009. A third operating company, Sysco Chicago, became involved in 2009 to test how the emerging model could extend to other regions. Sysco's corporate office provided project direction and management, as well as grant funding.

The Wallace Center and the National Good Food Network provided key financial and in-kind support. Its National Good Food Network contributed expertise through its ability to leverage the knowledge and experience of a wide range of businesses and organizations working to transform the nation's food system and deliver more 'good food' to more people. Sysco, the Wallace Center and the National Good Food Network use the widely adopted Kellogg Foundation¹⁵ definition of 'Good Food' as 'healthy, green, fair, and affordable'. Food, under this definition is wholesome and nutritious, produced sustainably, applying justice for farm workers and others involved in the system, and is accessible and affordable for all.

Grand Rapids 2008 - in Sysco's Grand Rapids market, the project contributed 10% in 2008 to the total volume of sales, or 5,354 incremental cases, and a \$92,000 increase in sales. These sales were especially valuable in a crop year constrained by a slow start and an early finish with crop production down by approx 18%. The project's trade in new locally sourced, sustainably produced items mitigated the impacts to a 9% drop in volume. The 2008 Sysco Grand Rapids project involved 16 producers and 100 items from the operating company's existing base of Michigan and Indiana suppliers. The operating company also added six new farm suppliers and 18 new products. Sysco Grand Rapids' success came from Produce Manager Denis Jennisch's decision to start communicating the company's new focus on local by differentiating products it sourced from Michigan and northern Indiana but had never labelled. The key to this innovation was developing a brand that fitted into mainstream food service ordering systems. Sysco Grand Rapids launched the brand of MIPROD (Michigan-produced) on order forms to distinguish local products from Michigan and Indiana. In addition, Sysco Grand Rapids began to feature local growers, both existing and new suppliers, in sales materials and at its annual food exhibition for customers.

¹⁵ A Leading US Foundation like the UK Joseph Rowntree Foundation.

Kansas City 2008 - in 2008, Sysco Kansas City achieved 2,600 cases of incremental produce volume from 76 new local family farm suppliers, which contributed more than \$50,000 in sales. In addition to fresh produce, Sysco Kansas City and 'Good Natured Family Farms' market tested their 'value-added' products including cheese, honey, and tofu to extend sales of locally sourced, sustainably produced items beyond the growing season.

Sysco Kansas City did not have the advantage of a strong existing base of local wholesale suppliers of fresh produce and other items. Unlike Grand Rapids, which is located in the middle of the MidWest fruit and veg belt, Kansas City region produces more livestock and grains. These products require a significant amount of processing, which places them deeper into the global anonymous supply chain than perishable fresh produce. Sysco Kansas City worked around its supply limitation by partnering with 'Good Natured Family Farms', a cooperative of more than 100 small family farms within 200 miles of the Kansas City. As an umbrella brand for the individual farms and groups of farms involved, Good Natured Family Farms operates with a set of standards around sustainable agriculture, humane livestock care, and community commitment. Good Natured Family Farms is well known at Kansas City's Hen House Markets and some Price Chopper supermarkets, where the regional Balls Food Stores company features the local food co-op in its marketing.

Results in 2009 - the 2 year project has delivered growth and positive financial results in both Grand Rapids and Kansas City with local product movement up more than 30% over 2008. In both regions the expansion of local food products contributed significantly to profitable growth. In the pilot region of Chicago they worked with 75 farms and engaged 25 extra farms. Major achievements included developing the 'Lower Lakes'™ brand and related marketing which contributed \$44,093 in sales.

Benefits:

- **Farmers** – local food branding has improved the market outlook for regional farms.
- **Retailers** – gain commercial advantage of selling local food ranges not offered by competitors.
- **Consumers** - the 3 regions involved in the Sysco/Wallace partnership can now meet demand for local produce as they have built a supply chain and a market for local food.
- **Local food labelling** - differentiating local products has increased sales in pilot regions. Sysco's re-labelling and branding products from existing regional suppliers helped to build a new market for local food inside the current system.

Lessons:

- **Commercial partnership working** - between a respected foundation and large scale catering supplier to develop locally branded produce, local supply chains and improved relationships between supply chain stakeholders, is a successful approach.
- **Local branding** – and local differentiation is fundamental to Sysco's new business model.
- **Sysco's business model** – of national leadership of a network of autonomous regional food companies which are given responsibility for developing innovative local solutions and implementing a distinctive brand, is a successful approach. Key features include:

- strong executive management supporting local branding & marketing of local food
- systems to support sourcing and tracking of local produce
- dynamic aggregator to manage risks, supply and daily operations
- 'grower profiles' to communicate the 'farm story' to sales staff and customers
- opportunities for Sysco staff and customers to develop relationships with farmers.
- programs to enable chefs/customers to plan menus of local fresh/seasonal produce.
- **De-centralised management** – is required to enable delegation of responsibility facilitating effective management of local suppliers and quality control for local produce.
- **Sysco replaced its transactional business model** - with a new relationship-based supply chain that ensures the long-term success and diversity of family farming.

20. Teikei Groups, Japan

Context and purpose of partnership

Consumers wanted fresh local veg and it was difficult to buy organic food from supermarkets.

Motivation for collaboration

The majority of Teikei groups were established in the 1980s by groups of housewives who were concerned about the safety of food grown using chemical pesticides and fertilisers. In response they formed partnerships with groups of local producers to secure supplies of fresh veg.

Partnership arrangements

Teikei group supply weekly organic veg boxes sourced from local organic farmers in the area, often producers' groups. Most of the farms are based in urban or peri-urban areas. Farmers can grow 50-60 crop varieties of salad and veg, sometimes in polytunnels or greenhouses. Many farming families have managed their land for several generations.

Teikei groups can have around 200 consumer members most of whom are women. All members are supposed to contribute voluntary time but in practice most of the work is done by a few volunteers. Farmers deliver vegetables to a central warehouse and volunteers pack the produce into boxes and load the vans. They receive travel expenses to get to the farm. Groups employ part-time bookkeepers to process farmers' and volunteers' payments, as well as delivery drivers.

The vegetables are packed in large blue plastic crates which are provided by the farmers. Often the groups don't use plastic bags and pack fresh produce in paper which is better at retaining moisture and can be recycled. Teikei groups pack boxes in rented warehouses often based on farms owned by the village community. Some Teikei groups pack and deliver 50 boxes 4 days a week. Groups hire a truck and driver to make deliveries to members.

A veg box can cost between 1500-2500 Yen. The price depends on what vegetables are in season and how good the harvest has been. The harvest is shared equally between the boxes and there are two different sizes of boxes for large and small families. Mark up of 10% of box price covers management costs.

Benefits:

- Teikei groups ensure local markets for farmer members' produce – and ensure supplies of fresh local produce to consumer members.
- Farmers supplying Teikei groups have access to voluntary labour from members – in exchange for providing fresh organic veg at affordable prices.
- Teikei groups work for mutual benefit with local farmers by managing the packing, distribution and marketing of the fresh veg they supply for the groups' veg boxes.
- Teikei groups connect people in the cities with farms and educate children on the environment.

- Producers publish newsletters with recipes - and members organise cooking classes to teach consumers how to use seasonal veg.
- Teikei groups purchase extra items collectively to reduce costs eg. natural soy sauce.

Lessons:

- The produce supplied through Teikei groups is not normally certified organic, as it is a face-to-face system. Certified produce is more likely to go to restaurants or shops as it is more costly.
- It is now more difficult to form Teikei groups in Japan as many women are working, so the scheme attracts fewer customers.
- Its now expensive to buy farm land in urban areas as a lot has been developed for housing.
- Farmers have to deal with any complaints and feedback from consumers themselves.