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FOOD FOR GOOD
IN YOUR URBAN COMMUNITY

A guide to the essential steps for setting up a community food business to benefit local people

Introduction

If your community is based in an urban area and is looking at setting up a community food business, this guide will provide you with an introduction as to where to start and what steps you will need to take.

Whether you are considering setting up a shop selling affordable food, or a place for people to learn about heathy eating or to gain cooking skills, or creating a space for residents to meet and eat, there will be an number of areas you will want to explore.

Here you'll find out more about

Front cover image: Vibol Moeung

1. How to engage and consult the community

Community engagement is all about involving local people in the decisions that affect them. Consultation is the process of gathering ideas, opinions and information to inform your decision making and ensure that the entire community is involved in your project from the beginning.

Community engagement works best when it is an ongoing process that enables relationships to build and strengthen over time. All of your engagement should be planned with this in mind, considering the contribution of each event, newsletter or update to a growing level of trust within the community. You will also need to consider who you would like to reach and how best to get them involved.

Who to consult

Create a stakeholder list which organises residents, community-based organisations and local businesses into stakeholder groups. This will help you to identify how you consult, and who else you need to think about more carefully.

Typical stakeholder groups include:

- Schoolchildren
- Young people
- Older people
- Commuters (people living in the community but working outside of it)
- Housing estate representatives
- Community groups and societies
- Single parent families
- People with learning difficulties
- Faith groups (from a range of different faiths)
- People employed in the community
- Local businesses
- Families
- Groups from diverse cultural backgrounds
- Refugees
- Migrants

When to consult

- Build a 'project plan' to develop a realistic timetable.
- Think about the time of year. What else is happening in your local community? Check if other local events or occasions are planned that might clash with your event or lessen the level of interest, or on the other hand, if there are events which will make it easier to bring together your community.
- Offer a range of dates and times for events: your community is likely to include people working different hours, so by offering a combination of daytime, evening and even weekend dates you can ensure that you are attempting to reach everyone.
- Remember that the more imaginative and creative your plans are, the more that people will want to get involved – this will make sure that your consultation has the highest and most diverse input possible.

How to consult

- Think about your consultation aims: what information are you looking for? What do you need to know? If you are preparing communication materials (flyers, social media, a local newsletter) make sure you include these aims in clear terms.
- Think about your questions: whether producing quantitative or qualitative data (see Forms of data on the next page), these should be simple and put your stakeholders at ease.

- Think about how you are collecting your answers. If they are written, who will be responsible for looking at the answers you gain? If you are having a verbal meeting, is the community comfortable with an audio recording? In both cases, how will you organise evaluating your feedback?
- Ensure that you comply with the Data Protection Act when handling people's personal details. Essentially the responses to any questions should not identify who the respondents are, unless they have given consent.
- Ensure that you have enough time and people in order to analyse your feedback. You will need to present your findings to the community. Thank people for their contributions, and keep them informed as to what you have learned and what will happen as a result of the consultation.
- To gain responses from all of your stakeholders, you should communicate with them through means that they are familiar with, and if possible allow them to respond using a method of their choice. Popular methods include:
  - Self-completion questionnaires
  - Face-to-face in-depth questionnaires
  - Online questionnaires (Survey Monkey, Doodle Poll)
  - Focus groups/workshop
  - A world café event www.theworldcafe.com
  - Public meeting or consultation event

Forms of data

When you are planning your consultation you should consider whether you would like to achieve quantitative or qualitative data.

Quantitative data – generally collected by offering 'multiple choice' responses which make it easier to carry out statistical analysis. Analysing quantitative data involves 'number crunching' with results expressed as percentages and frequencies. This type of data is usually produced by consulting a small representative sample of people who will give you an accurate picture of the community as a whole. If you want to know 'how many people think ...', the quantitative method should be used.

Qualitative data – concerned with attitudes, views and opinions and produced through group discussions or in-depth interviews. Qualitative data is less about the number of people involved and more about the type of information you are trying to get. Analysing qualitative data takes longer as it involves grouping strands of opinion that are related to one another, but if you want to know 'why people think ...', then a qualitative method is required.

Where to consult

Where you decide to consult is important. If you are holding an event, consider venues which will help you reach the whole of your community.

Community buildings are perhaps the obvious choices although not always the only option and not all communities have one. Is there a local school, sports centre, or does the local pub have a spare room that could be used instead? This is also one of the first moments to allow you to start networking with your community, so reach out and speak to different venues about your ideas.

Remember the essentials, such as disabled access, public facilities, and preferably public transport and parking nearby.

Resources

You will need to consider the resources you need for your consultation, and what you have available already. This might include things like printed materials, hire of equipment, postage, cost of a facilitator, hiring a venue and time. Remember to factor this into any grant applications you make as potential funders will recognise this as good practice.

References, resources and further information sourced and available from:

Plunkett: Engaging With Your Community
www.plunkett.co.uk/engaging-with-your-community

Community Planning Toolkit – Community Engagement (2014): Community Places
www.communityplanningtoolkit.org/community-engagement

Aylesbury Vale District Council Neighbourhood Planning Consultation Toolkit
www.aylesburyvaledc.gov.uk/section/consultation

Herefordshire Council: Neighbourhood Planning Guidance Publication No 12 (2013: Revised June 2015)
www.herefordshire.gov.uk/downloads/file/3703/guidance_note_12_best_practice_community_engagement_techniques
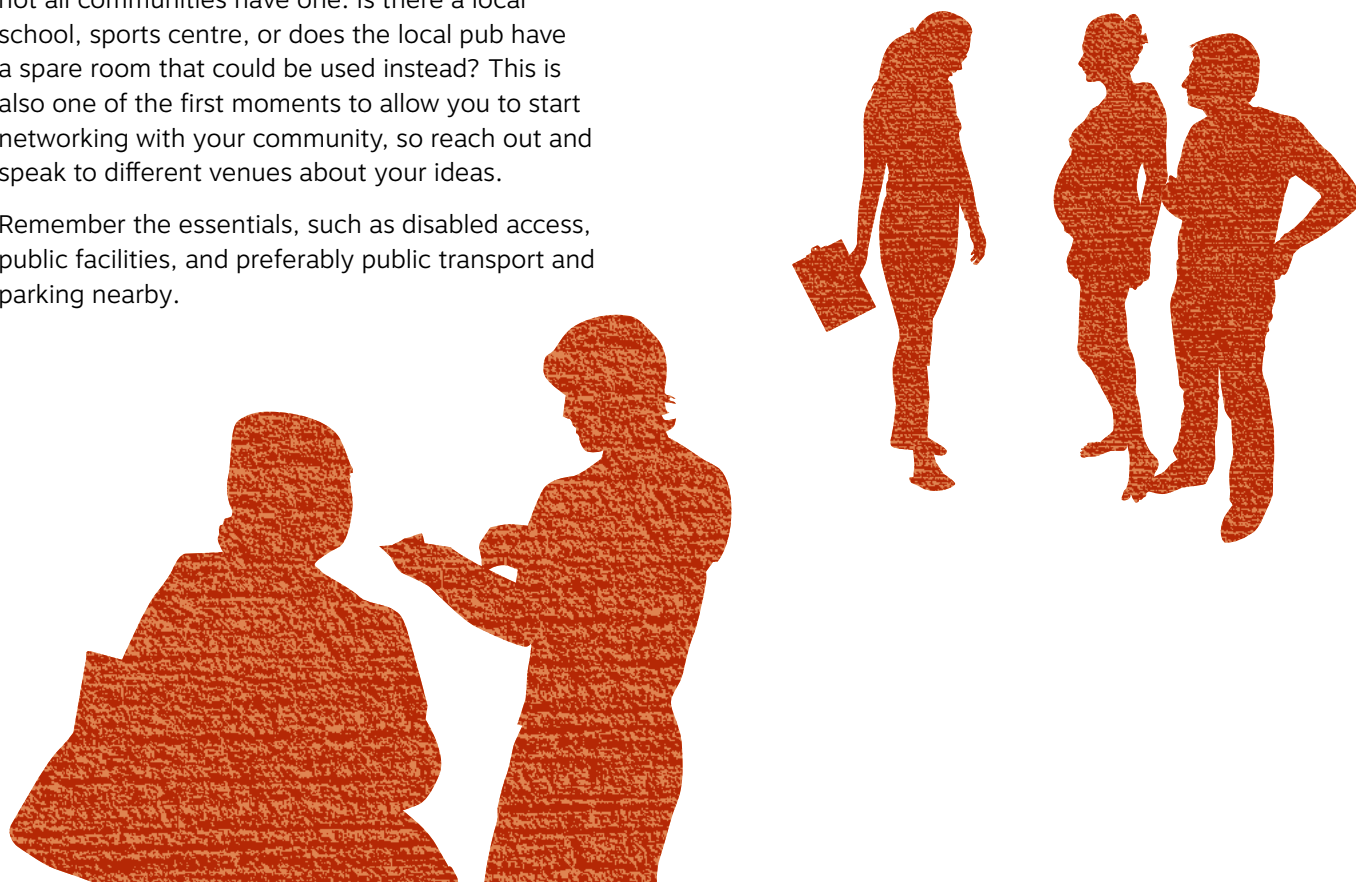
2. The steering group

Creating a steering group

When your project is in its early stages, it might attract interest from a large group of people from the community. Making decisions among several people and without a structure can be difficult, and for this reason, it is extremely useful to create a steering group as early in the process as possible. Not only this, a steering group lends credibility to your idea, and as long as you ensure that it is diverse, it will build support across the various different sectors of your community.

The steering group (also referred to as a core team or working group) will coordinate and guide your project as it moves forward. The group can include members of the community in addition to people who work for other organisations, if you feel that they have knowledge and experience which will be valuable for your project. Later in the process and once your organisation has decided upon its legal structure, it is likely that some of the steering group members will stay on to form the management committee or board of directors.

The steering group will:

- Provide personal support to the project instigators
- Provide a point of contact for your project
- Provide a base for your membership and your fundraising strategy
- Encourage and strengthen links between the project, the organisation and the community
- Articulate the vision and mission of your project
- Identify, network with and recruit potential partners
- Create and help to implement the action plan
- Choose people to chair sub-committees and manage volunteer recruitment
- Be accountable for the project's expenditure and the overall work of the project
- Monitor the progress of the project against its goals, and keep the overall project plan under review

Further specific tasks carried out by the steering group depend upon the needs of your community. The roles of individuals within the group could be to:

- Consult with the community to find out levels of interest
- Keep the community informed and involved
- Develop the business plan
- Investigate possible sites for a community business
- Give advice on property purchase, development, adaptation and repair
- Apply for planning permission
- Co-ordinate the development of a survey to understand what the community needs are or a feasibility study to determine the viability of the business
- Research funding opportunities
- Liaise with outside advisors
- Co-ordinate and support the involvement of volunteers
- Personally bring in specific skills required to develop the business
- Assess the competition and carry out market research
- Develop a marketing strategy
- Set up a bank account
- Set up the legal structure

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Who should be on the steering group?

You will want enough people to provide the skills and knowledge that you need, but not so many as to make things too complicated. Aim for a manageable number of people or it will be difficult to reach a consensus, a maximum might be 10 people.

It is essential that any steering group has:

- A Chairperson – someone who can run productive meetings, project manage, motivate and delegate
- An effective Vice Chairperson to cover the Chairperson's absence
- Someone with good financial skills
- At least one good writer with some experience of writing funding proposals

When forming your steering group, consider the following individuals:

- People who are enthusiastic about the project and who have the time and energy to invest in making the business successful
- People who will be able to attend meetings regularly
- Up-and-coming leaders, and people who hold no titles but are well respected in the community
- The group should be representative of the community it is going to serve, make sure you have a good cross-section of the community in terms of ethnicity, gender, age and socio-economic status
- Try to get some young people involved; they often have a fresh perspective and plenty of infectious energy!

Skills and/or experience that can be useful include:

- Marketing
- Business planning and accountancy
- Funding and finance
- Legal
- Someone representing the local council or other key body
- Someone who knows local people and groups
- Facilitation and community consultation
- Building, if the premises you intend to use has any complex issues
- IT and technology

Further reading

Plunkett: Committee Roles and Responsibilities
www.plunkett.co.uk/engaging-with-your-community

The Community Toolbox: Tools for those working to build healthier communities
www.ctb.ku.edu/en/about-the-tool-box

Herefordshire Council: Neighbourhood Planning Guidance, Note 28, Setting up a Steering Group (April 2013 – Revised June 2015)
www.herefordshire.gov.uk/downloads/download/490/neighbourhood_planning_guidance_documents

3. Legal and governance

Your steering group will need to consider the right legal structure and governing document for the business: this creates a legal framework for the organisation in terms of how it works internally. This section aims to help you in your initial exploration of this topic, and does not replace legal advice. Considering legal and governance structures may seem daunting, but once you've decided on what's right for you, the process is usually quite straightforward.

Legal structure

The legal structure determines how your organisation will be seen in the eyes of the law. It is important for groups to understand how the law may affect both the organisation and themselves as members. One key decision when thinking about your legal form is whether to be unincorporated or to become incorporated:

Unincorporated – here the law only recognises that there is a group of members who have agreed to work together for a purpose and they will have unlimited personal liability which is 'joint and several'. Put more simply, this means that if the organisation cannot pay its debts at any time then members that are most able to pay (as opposed to all members equally) may be liable for these debts from their personal assets.

Unincorporated organisations cannot own property and contracts are signed by individuals on behalf of the members. Being unincorporated suits groups where there is little financial risk and all members are comfortable with the level of financial risk they are taking on. It is important to review the level of financial risk regularly especially in light of new contracts or funding.

To start an unincorporated association is easy: the group can choose any one of a variety of template governing documents which are available on the internet or through an adviser, complete its terms, and sign as the founder members.

Incorporated – here the law recognises the organisation as an entity in its own right and this gives the members a layer of protection known as limited liability. The governing document will outline the maximum amount of money each member agrees to put in (their liability) in the event of the organisation winding up with debts it cannot pay. For example, in a Company Limited by Guarantee usually the members agree to put in a maximum of only £1 (the amount is in the governing document) and in a Company Limited by Shares, or a co-operative or community benefit society, the maximum liability is equal to the value of the shares each member holds. It is worth noting that in order to keep limited liability status, the members must ensure that the organisation trades legally and responsibly, otherwise members may become personally liable for debts incurred.

Incorporated organisations can own property and contracts are signed in the name of the organisation. In return there are some administrative tasks such as financial records which the organisation must keep and update. Along with an annual fee these records must be updated with whichever regulator you are incorporated with, such as Companies House or FCA (Financial Conduct Authority, the registrar of co-operative and community benefit societies), and annual accounts need to be submitted to HMRC. It is worth noting that there are penalties for not doing these tasks on time.

To incorporate an organisation the founder members agree and sign both an appropriate governing document and the incorporation forms relating to the legal form and submit these to the appropriate regulator with a fee.
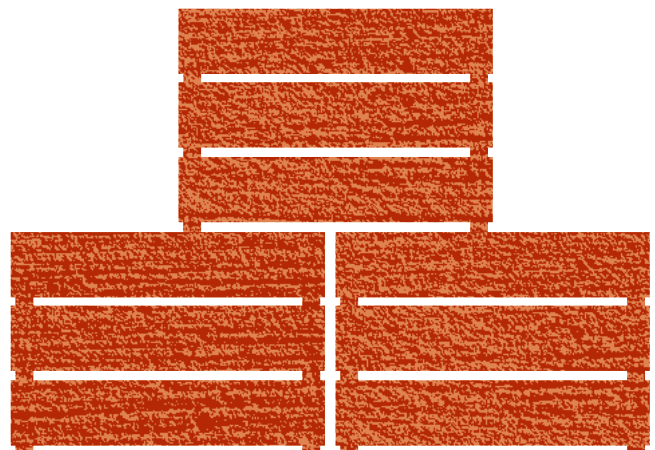
Governing document

Ideally all organisations will have a governing document (sometimes called a constitution, agreement, rules or articles) which clearly reflects and sets out what type of organisation it is, what the group want the organisation to do, who can be part of the organisation (members), how decisions are made, what happens to any surplus made during the year and also what can happen to the assets should the organisation close, merge with another or is sold.

Governing documents will also include or reflect any specific requirements of a particular legal structure, so it is important to choose a governing document and legal form that are compatible. For example if you want to have an asset lock in your governing document, you need a legal form that allows for an asset lock, such as a Community Interest Company, Community Benefit Society or Charity.

The following table gives an overview showing which features are compatible with which legal structure, the name of the regulator and governing document.

Constitutional features by legal structure	Regulator	Governing Document	Limited liability (incorporated)	Can it issue shares	Asset Lock	Suitable for charitable status
Partnership	None	Agreement	No	No	No	No
Association	None	Constitution	No	No	No (unless a charity)	Yes
Trust	None (unless a charity)	Deed	No	No	No (unless a charity)	Yes
Limited Liability partnership (LLP)	Companies House	Agreement	Yes (but limited liability is limited)	No	No	No
Company Limited by Guarantee	Companies House	Articles	Yes	No	No (unless a charity)	Yes
Company Limited by Share	Companies House	Articles	Yes	Yes	No	No
Community Interest Company (Limited by Guarantee)	Companies House & CIC Regulator	Articles	Yes	No	Yes	No
Community Interest Company (Limited by Share)	Companies House & CIC Regulator	Articles	Yes	Yes	Yes	No
Co-operative Society	Financial Conduct Authority (FCA)	Rules	Yes	Yes *	No	No
Community Benefit Society	Financial Conduct Authority (FCA)	Rules	Yes	Yes *	Yes (can opt for asset lock)	Yes
Charitable Incorporated Organisation	Charity Commission	Rules	Yes	No	Yes	Yes

* These two legal structures have an exemption under the Financial Services and Markets Act 2000 so can issue community shares to the public without an authorised prospectus. For more information see www.communityshares.org.uk

Further terminologies which you will come across when setting up your legal structure include:

Objects – objects are general overarching statements to define what the organisation wants to achieve. For example a local food buying co-operative may have the following objects:

'The objects of the enterprise shall be to buy, store, process, package and distribute foodstuffs and household goods for the benefit of its members, and to do all such ancillary things as are considered necessary or convenient for the Co-operative or its members.'

Members – There should be an easy process for people to become members, such as a simple application form and notification that they have been accepted (or not) into membership. Some organisations have membership criteria such as people from a specific geographical area or community of interest. The people who start the organisation will be known as the founder members but it is also important to think about who the future members might be and how they will join. How you choose to manage membership is key, and tends to fall into two categories.

Large membership – The organisation is owned and controlled by members of a geographic community or 'community of interest' where there will *be more members than directors*, and the directors are elected from the membership. The directors take operational decisions but the members have a strong role in controlling the overall governance. Having a large membership can create a virtuous circle whereby it is in the interest of members to also be active as customers, supporters and also volunteers. Members do not personally have access to the organisation's income or assets but can stand for and elect the directors (known as the Management Committee). You can build up membership steadily over time (with each person purchasing a single share in order to become a member), or in one concentrated effort such as a community share offer, whereby people can invest in several shares in order to start the organisation.

Small membership – *all directors are members and all members are directors*, and can hold office for long periods of time without offering themselves for re-election.

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Directors / management committee / trustees – a general term for the people appointed to be legally responsible for the organisation for a fixed or open length of time.

Asset lock – a legal promise stating that any assets (money, equipment, land or buildings) owned by the organisation, which have generally been built up over the life of the organisation by people committing time and/or money in order to make a difference, are protected and there is no opportunity for individuals to make any personal financial gains should the organisation close or merge or its assets be sold.

Governance – the internal process of how decisions are made to ensure the accountability and strategic direction of the organisation. These processes are set out primarily in the governing document and supported by any additional policies or secondary rules. The governance can be further defined through the creation of an organisational handbook containing procedures, an organigram (organisation diagram) and job descriptions.

Organisational type – a general term which an organisation may use to describe itself, based on the elements of its governing document it has chosen, for example, a co-operative, a social enterprise or community supported agriculture initiative.

The following are examples of organisational type, which is not always a legal definition but more a label that an organisation may wish to have:

Community Benefit Society – a structure that aims to provide services for the wider community as well as members, suitable for when the members want to control the organisation democratically, on a one member, one vote basis.

Co-operatives – These need to meet the co-operative principles as laid out in the Statement of Co-operative Identity by the International

Co-operative Alliance which can be found at www.ica.coop/en/whats-co-op/co-operative-identity-values-principles. Co-operatives also operate democratically on a one member one vote basis; there are several different types of co-operative businesses, such as:

Consumer or buying group co-operative – where the customers, i.e. people who buy from the business, form the membership

Worker co-operative – where the employees, i.e. people working for the business, form the membership

Community co-operative – where the community are actively encouraged to get involved in the business by becoming members and the trading purpose is to provide benefits for their community with profits reinvested back into the co-operative or into the local community (the usual legal form for this type of co-operative is the community benefit society).

Community enterprise – a general term for a business trading for a social purpose with profits reinvested into the enterprise.

Charity – the purpose of the organisation must be recognised by law as charitable and it must benefit the public or a section of it. You can refer to the previous table to see whether a legal form is suitable for charitable status.

Key questions to ask

When you are starting to think about which legal form and governing document to choose, it is necessary to think about the following key questions:

- What do you want to achieve and why?
- Where will the money come from?
- What will you do with any surplus money at the end of each trading year? For example it could be reinvested to further develop the organisation, shared in part or in whole amongst the members or donated to charitable or community causes.

- Who will be involved and how?
  - Members – who can be part of the organisation? Members must have an interest in supporting the organisation's objects.
  - Customers – who are your buyers? They can form all or part of the membership.
  - Suppliers – who you will buy things from? In some organisations suppliers can also be members.
- Will the organisation have assets? Assets include stock, equipment, land, buildings or money. What will happen to these assets if and when the organisation is sold, taken over or closed? For example, will the assets be shared out amongst the members or will they be protected by an asset lock (in which case the assets must go to another asset-locked organisation usually with similar aims)?

It is always good to future-proof your initial thinking, to make sure that your organisation can act as you intend i.e. if you want to raise capital through community shares at some point, you must make sure you choose both a governing document and legal form that can issue community shares. Still, you cannot think of every eventuality in the beginning and members can usually agree to change both the governing document and legal form if necessary. Importantly though, if you are setting up a charitable organisation, there are restrictions on the type of changes that can be made by members.

Once you have decided upon your preferred legal structure it is simple to put in place as long as you have appropriate advice and support, and it will give the organisation a framework within which to operate effectively.

Further reading

Detailed information on each of the legal forms and organisational types can be found in **'Simply Legal – all you need to know about legal forms and organisational types for community enterprises.' Published by Co-operatives UK** (ISBN: 978-0-9549677-1-0). For more information about selecting a suitable legal structure for a community co-operative, please see the **Plunkett Foundation's 'A Brief Guide to Legal Structures'**.

4. Business planning

What is a business plan?

A business plan sets out how you will go about running a specific activity, or a series of activities, over a defined period of time. Essentially, it explains the aims of your business and critically, how you will reach these aims.

Why is business planning important?

Producing a business plan enables you and the steering group to generate a collective understanding of your business idea, how you can articulate this, and how you will deliver this to 'your market'. As writing a business plan involves forecasting what might happen within the environment in which you are operating, it also encourages you to consider how you might need to adapt to changing circumstances, protect yourself against risks, and take advantage of any opportunities that arise.

Even if you are setting up what might be considered a relatively small community business, you should still work to produce a business plan.

How can we go about writing a business plan?

Your steering group needs to allow itself enough time to develop the plan: it can take two or three days for you to all agree the key steps, plus time for one individual to write this up and finalise it with the group. One useful way of starting is to run a workshop including all steering group members and capture everyone's ideas and thoughts using a flipchart, or you can also collect ideas through a shared online document such as Google Docs or a Dropbox file – however it is important to slot in a few sessions working together in person, as this often allows for swifter and more democratic decision making.

What should a business plan include?

There is no set way of structuring a business plan or of compiling its contents, nor any standard benchmark on how many pages it should be in length. However, you should always try to make it as concise and succinct as possible.

Still, there are certain aspects that should always be included in a business plan:

1. Statement of Purposes: explaining what you are trying to achieve
2. Targets: the results of your work, for example the number of people who will benefit
3. The products, services or activities you are proposing to deliver
4. An overview of the market and customers that you will be targeting
5. Who you see as your competitors, and their respective strengths and weaknesses in comparison to your model
6. The resources needed, how much it will cost to start the business and a brief overview of your current financial position
7. How much of your product or service you intend to sell, with an estimated income
8. The risks that you are facing, and how you will control or mitigate these

When you are ready to start the process of writing a business plan, please see the accompanying Business Planning guide for further detail.
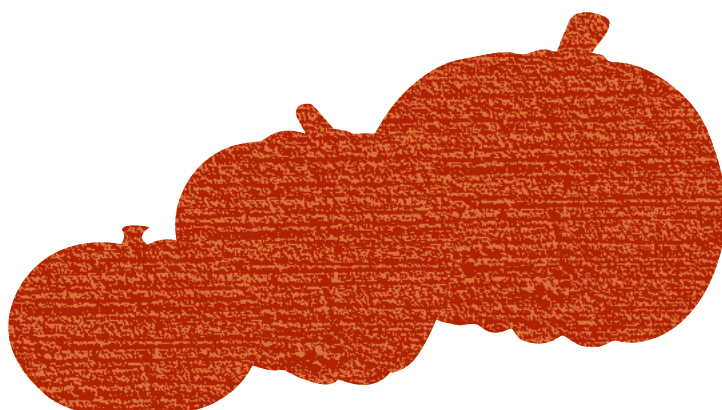
5. Raising the funds

All groups engaged in community food businesses need to raise funds in order to start.

Don't be daunted by the fundraising challenge: there are innumerable examples of small community groups that, with the right plan in place, have gone out and raised significant sums of money, even in places where money is relatively scarce.

The first thing your group needs to do before it begins to fundraise is to draft a business plan that includes a clear breakdown of the proposed business's costs (see the Business Planning section).

There are a number of options for raising funds, including:

- Issuing community shares
- Bidding for grants through trusts, foundations and the Lottery
- Launching a crowdfunding campaign
- Securing donations through fundraising events
- Seeking social sponsorship and corporate giving
- Securing loan finance

Let's look briefly at each of these in turn:

Community shares

The term 'community shares' refers to withdrawable share capital; a form of share capital unique to co-operative and community benefit society legislation. This type of share capital can only be issued by co-operative societies, Community Benefit Societies and Charitable Community Benefit Societies (www.communityshares.org.uk/find-out-more/what-are-community-shares).

Basically, investors – locals, or anyone that wants to support the community business – buy shares in a registered society. The society, where it is able to, may pay interest on that investment. The shares cannot be traded like company shares and their value does not increase, but they can be withdrawn by the investor on application to the management committee.

Shares are issued on a one-member, one-vote basis, so that each investor has equal influence over the governance processes of the business regardless of the size of their investment.

Community shares are a form of risk investment, so regardless of the aspirations of the business to provide a return for investors, there is no obligation for interest to be paid, or indeed for capital to be withdrawn.

A key advantage of community shares is the incentivisation of investors, whose main opportunity to receive financial return depends on whether the business generates enough profit to enable it to pay interest or dividends to shareholders. This works well if there is a large degree of overlap between the 'community of investors' and the 'community of users'. For example, in the scenario of a community shop being launched, the local people who purchase community shares are also likely to want to buy their food supplies from the shop so that it is more likely to generate a profit, and therefore be in a position to pay interest on shares.

Community share issues are a growing phenomenon and they are a good way of raising capital for a community-run business, even in deprived areas where local people have little disposal income to invest, as community shares can as affordable as £1 each!

Bidding for grants

A common way that groups raise funds is by applying for grants from trusts, foundations and other grant giving bodies.

To increase your chances of success, you need to:

- Research funding sources thoroughly. Your local Council for Voluntary Service (CVS) or funding advice bureau should be able to advise you on likely sources of funding or you could subscribe to a national database of funders like Funding Central (www.fundingcentral.org.uk).
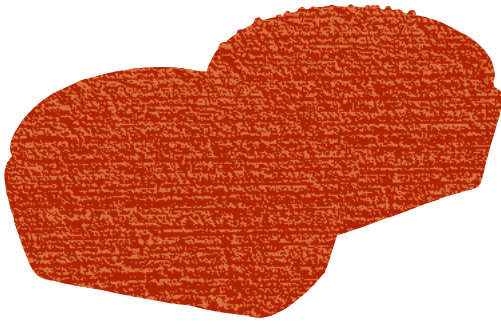
- When exploring which grants are best for you, check the eligibility criteria and timescale carefully – or you could spend a lot of time on the bid, only to find out that you cannot apply.
- When filling in grant application forms, read through the guidance notes closely (all funders produce guidance on the bidding process).
- Stick to the questions and ensure that your answers are specific, clearly worded and straight to the point.
- While you must be concise, write with a belief in what you're proposing and show a passion to make it succeed – funders will appreciate this.
- Ask an independent expert to cast an eye over your draft proposal and suggest ways that it might be improved.
- If your bid fails, try and get feedback from the funder on the reasons for this, especially on any weaknesses or gaps as this will help you improve future bids.
- Finally, don't take it personally if the bid isn't successful – success rates for funding bids are generally low, but you can improve your prospects through practice and learning from your mistakes.

Crowdfunding

In a nutshell, crowdfunding is the use of an online platform that allows people to donate capital to your business while you're starting up. Examples of platforms include Indiegogo (www.indiegogo.com), Buzzbnk (www.fundit.buzz) and Crowd Funder (www.crowdfunder.co.uk).

The most successful crowdfunding campaigns are ones that tell a story and create a buzz, so you will need to think carefully when writing your 'story' for the page, and selecting images. Crowdfunding campaigns which incorporate videos are also much more likely to reach their targets, as videos are engaging, easy to understand and shared widely on social media, so consider this when developing your campaign.

Another aspect to consider are your rewards, whereby different pledges receive different 'gifts'. For example, if an individual pledges an amount of money to the local community shop, as a reward, they could be eligible for special purchases once the shop is up and running, or a tote bag printed with your logo. Simple 'thank you' letters are also a popular way to recognise your sponsors.

It is important to note that some platforms require you to reach your funding target before the pledge is confirmed (Indiegogo is one of the few which does not), and once reached they will take a small amount of commission of around 5 per cent. Therefore, it's beneficial to set your target a little higher than you might initially estimate.

Fundraising events

There are lots of options for fundraising events such as cake sales, jumble sales, sports and games events, tastings and food market days. These involve a lot of work and often generate relatively low levels of funding, but they are a great way of raising awareness and strengthening community engagement with your business.

Here are some tips for producing effective fundraising events:

- Think about your community, and what kind of event would get them excited about your new business.
- Set a target for the amount you aim to raise and how you will do this. Think about your pricing too – remember that some of your attendees may be able to spend a lot, where others may be able to spend very little.
- Carefully set a budget for the event and try your best to stick to it (include 15% contingency, for any last minute expenses).
- Work out who your target audience is for the event and use marketing to reach them (try posters, flyers, social media posts, a mention in the local newspaper or website, as well as plenty of word of mouth!)
- Invite potential suppliers and use the event as a way of building interest.
- If you are selling tickets, have a clear process in place for ordering and receiving these.
- If you are planning an outdoor event, have a wet weather option, and if planning an indoor event, find a space which you can use in-kind.
- Ensure that the steering committee can be present on the day to chat to your attendees, and thank them for coming.
- Finally, make sure you also thank everyone who contributes to running the event!

Sponsorship and corporate giving

You might want to consider trying to secure funding from companies who might be interested in what you are doing, or have corporate giving schemes (you can find out about this on any given company's website).

Start with businesses that you already have a connection with, and try and identify a relevant named contact to approach, rather than emailing a generic address. If you are approaching new companies, remember to think carefully about ethical considerations and avoid companies whose values conflict with those of your group or business. Also, don't just focus on cash as companies can also provide materials for refurbishment, fittings and furnishings, packaging and stationery, or even goods that you can sell as part of a fundraising event.

When reaching out to potential sponsors, you also need to think about what you can offer in return, such as publicity. This is where social sponsorship comes in – the company sponsors your new business so that it can associate its brand identify and profile with you, for example it might want its logo prominently displayed on your premises, website or marketing materials.

As you will often supply publicity or brand awareness services to a corporate sponsor, corporate sponsorship is subject to VAT. So, if you are receiving support over the registration threshold (£85,000 for 2017-18), a percentage of the final amount will be deducted as VAT – therefore you will need to charge VAT on top of the agreed sponsorship fee.

Loan finance or social investment

Seeking a loan is another way of securing finance for your business. Unlike a grant, this is repayable, typically with interest.

Although loan finance is not a substitute for grant funding, it can play an important role within your group's overall funding profile and can help you to develop all the same.

Social investors play a particular role in financing community businesses and other social enterprises. They balance financial returns (repayment of the original capital sum with interest) with social returns (helping the investee to reach more disadvantaged people and generate stronger social impact). Some offer what is called 'blended' finance, which is a mixture of grant and loan.

Many social investors require 'collateral', i.e. security for the loan in the event that there is a default on repayment. However, in recognition of the fact that a lot of community groups don't own assets, some social lenders will provide unsecured loans.

Before you commit to taking on loan finance/ social investment, you need to be confident that your financial projections stack up and you will generate the ongoing surpluses required to service the debt (i.e. meet the repayment terms of the loan agreement).

A good way of finding out about social investors is to look at websites like that of the Social Investment Forum (www.socialinvestmentforum.org.uk).

6. Volunteers

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This section aims to show how best to recruit volunteers. Many community businesses won't have the resources to employ paid staff, and a vibrant and passionate volunteer workforce can bring a business to life and engage customers. Strong volunteer teams share the workload and enable the enterprise to build its capacity to operate and develop. In order to be effective, however, volunteers require careful management and motivation.

Volunteer roles

Before you even begin your volunteer recruitment plan you need to work out what it is that you want your volunteers to do.

To cater for a range of potential volunteers, and in order to promote diversity, try to design a variety of volunteer roles that will suit people with varying motivations, skills, qualifications and interests, as well as planning for the different amounts of time that people are able to offer. Volunteer roles can include a range of activities such as maintenance, marketing, accounting, event management, audience outreach, website development, research and any public-facing roles of your organisation.

If you have any paid staff, consult these individuals before you take on volunteers to make sure there is a good understanding throughout the organisation. Also, try and involve people at a committee level in these discussions – they need to really understand and fully support your work with volunteers.

In addition to consulting any paid staff and the relevant committee members, before beginning to recruit volunteers, you also need to ask yourself the following:

- What skills, experience and knowledge would you like these new volunteers to bring to the workplace?
- How will you go about finding and recruiting these new volunteers?
- What will your application and selection processes involve?
- Do you have good volunteer management policies and procedures in place?
- Once you have successfully recruited the new volunteers, how will you ensure that they remain with you?

Don't panic if the recruitment of volunteers seems like it will take a lot of time and effort, as it will be well worth it.

Recruitment

To inspire potential volunteers with your recruitment messages, explore creative recruitment methods and explain how each role will contribute to the wider goals of the business. Remember to use all possible recruitment routes: word of mouth, websites, social media, advertising, volunteer centres, clubs, pubs, colleges and local companies and be sure to work in partnership with other community organisations.

Make sure that you are able to deal with enquiries, questions and queries from new and potential volunteers. There should also be an effective plan and process in place to deal with any problems that may occur, so that all volunteers are managed fairly and consistently.

Be clear about each volunteer role: provide a written role description specifying how much time they are expected to commit, to whom they report, any general duties and responsibilities, and any specific tasks they will be required to perform.

Management

The activities of staffing, supervising and training both employees and volunteers are very similar and they should be carried out as part of an overall programme and performance management system. It is important to train your paid staff or manager in volunteer line management, which is key to engaging, motivating and retaining your volunteers, providing ongoing support, guidance and direction.

Supervision includes a variety of activities, for example: establishing goals with your volunteers, evaluating a volunteer's performance, rewarding a strong performance and addressing any issues with your volunteers. A lack of communication is one of the main reasons why volunteers become disillusioned, so ensure that your volunteers receive relevant and timely information.

Every volunteer you recruit will need some form of induction, and a volunteer who is intending to support for a long time would also benefit from some investment in training.

Make your volunteers feel welcome with warm introductions to staff members and any other volunteers.

Help volunteers to develop new skills and ensure they have access to the resources and technology that could help them to acquire new knowledge – an online training course, for example.

Make sure that volunteers know about the whole range of volunteering opportunities that are available – a change of role may suit them and the organisation. Introduce variety and keep things interesting for them.

Look to provide leadership opportunities to those volunteers who want to take on more responsibility and who potentially might be willing to be a peer mentor and guide other volunteers.

Keep it social – many people volunteer because of the social interaction, so provide some events and opportunities for your volunteers to meet in an informal social setting.

Help your volunteers to feel connected and part of something bigger. Share success stories: volunteers want to know that they are making a difference, so invite them to provide suggestions about how something could perhaps be done even better. Your staff and your volunteers are likely to be your best ambassadors and, given the right encouragement, they will have great things to say to customers and people in the wider community.

Being valued is vital: acknowledge volunteer contributions and maintain morale by showing genuine gratitude and demonstrating it openly. Remember to invest in your volunteers with simple gestures like taking them to lunch, giving them a small gift for their birthday, or sending a thank you card to their home.

Further reading

Volunteers E-Book and Volunteer Agreement & Policy: Plunkett Foundation
www.plunkett.co.uk/preparing-to-trade

Voluntary Action Leicestershire – A guide to Recruiting, Managing & Involving Volunteers
www.valonline.org.uk/introduction-involving-volunteers

Alive with Ideas: 12 ways you can help to inspire and engage your volunteers
www.alivewithideas.com/blog/12-ways-to-keep-your-volunteers-engaged-and-inspired

As Good As They Give: Providing volunteers with the management they deserve. Workbook Three: Managing and Motivating Volunteers (2013)
www.volunteernow.co.uk/publications/

Inspiring Volunteers: A guide to recruitment and communications
www.mediatrust.org/uploads/128957702875264/original.pdf

Volunteers: How to recruit and keep them interested: The Guardian (June 2014)
Simon Gillespie, Chief Executive, British Heart Foundation
www.knowhownonprofit.org/people/volunteers/recruiting/copy_of_process

7. Premises

It is likely you will need premises for your community food business. When you consult with your community and hold any public meetings, it is important to let people know that you are looking to find premises for the business.

By talking to people, various premises may become available that you might not otherwise have considered. You never know, someone could offer you a dedicated space or a room in a local building.

Although former business premises can sometimes seem perfect, they can also be very expensive, require refurbishment and offer little space for storage or additional community services such as a café or a meeting space. Other site options to consider include a portable or pre-fabricated building, an outdoor location where you can set up your own 'pop-up', a space within the local community centre, the local school hall or a faith-based building. Even the smallest space can provide a professional service for the community, so be radical, investigate absolutely every possible building and remember: location, location, location.

This is also a great time to take the opportunity to visit and learn from other established urban community food businesses. These visits will help you to get a feel for what is involved in setting up and running a community business, while you may also gain ideas about what you want your business to look like. Look at the design, layout and any fixtures and fittings of the premises you visit, and feel free to ask their team how these decisions were made.


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Site visits

Before visiting a site, do make sure that the premises have planning permission for the business you intend to pursue, as gaining change of use can be long-winded and not a foregone conclusion. All commercial property has a code that indicates which uses are acceptable and your local planning department will be able to tell you what you can or cannot do, and whether change of use is likely to be granted if you apply.

When evaluating a site, the main questions to ask yourself are:

- Does the local council offer any support or incentives for taking on an empty building?
- Are the premises large enough for the business?
- Does the internal layout meet with your requirements?
- Does the building need any repairs? Do your customers live nearby, and is it easily accessible?
- Is there good footfall or any passing trade?
- Do the premises fit with the image you had in mind?
- Is the building located in a safe place?
- Are any potential competitors close by?
- Is parking available and adequate?
- Is the area served by public transport?
- Is there good access for deliveries?
- If the business expands in the future, will there be enough extra space to accommodate?
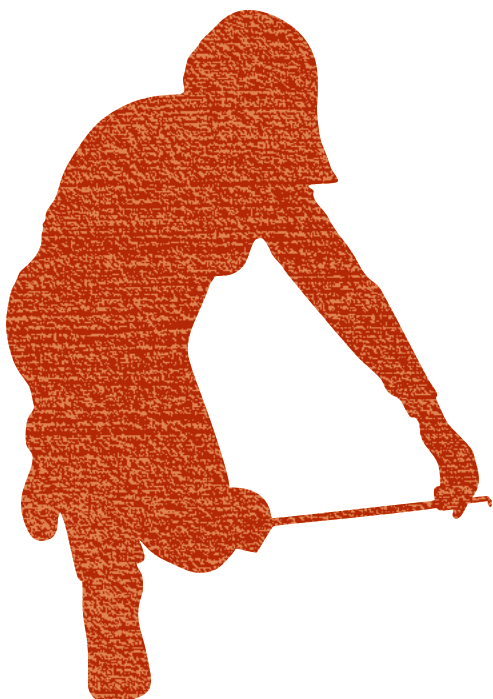
Practicalities

Every community food business will have different requirements, though here are some common requirements to consider when assessing a space:

- Good artificial lighting
- Display/shelving
- Chilled cabinets
- Freezer
- Counter and cash register
- Store room space (integral or close by)
- Staff and public toilet (a new build will require a disabled toilet cubicle)
- A worktop to prepare hot drinks and a sink for washing up
- A separate hand wash basin
- Kitchen (consultation with the local Environmental Health Officer is recommended)
- Café space
- Heating (consider renewable energy sources and environmentally friendly features)
- Office (with computer, printer, filing cabinet and shelving for paperwork)

Further reading:

Plunkett: Preparing to trade
www.plunkett.co.uk/preparing-to-trade

8. Sourcing food stock

It is vital to think about how best to source the stock required for your community business, and to weigh up the benefits and drawbacks of every option.

Questions to ask yourself include:

- How will you collect stock, or do you need to have it delivered directly to the business?
- Do you have time to deal with lots of different suppliers, or can you stick to one or two?
- How can you ensure that the majority of your stock comes from local suppliers?
- When looking at a supplier, is their selling price low enough that the product will still be affordable for your customers once you've added your mark-up?

Here are some ideas that currently work for others:

Wholesalers and distributors

Community food businesses can, like any other type of retailer, source their food from a wide range of wholesalers and distributors. Buying from wholesalers can be a very convenient way of stocking a good range of food lines, although adding your margin (the extra cost to make the necessary profit) can make it difficult for your business to compete on price with supermarkets who may stock the same items.

Surplus food

Like many community businesses, yours may be looking to increase the availability of affordable, healthy food, often to local residents on low incomes or those experiencing difficulty getting to the shops. Schemes such as Fareshare organise surplus supermarket food, that is still in date, to be taken from the store and distributed for resale.

www.fareshare.org.uk

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Markets

Wholesale and retail markets can provide good, fresh produce which, with careful buying, can be purchased at the right price. The Community Shop in Leicester, for example, buys fruit and vegetables from the city's famous retail market and is still able to sell it on at an affordable price to their local customers.

Direct from producers

A good display of fresh fruit and vegetables is very attractive to customers and can help ensure sales. However, the appearance of fresh produce can deteriorate quickly. Old and tired-looking produce will be difficult to sell and so can result in a lot of wastage. Buying direct from local farmers and growers may not always be cheapest option, but as they sell directly to you the supply chain is short and this means that produce will look good on display for much longer and wastage will be greatly reduced. Some community businesses use food that is perfectly safe to eat but is just slightly past its best in terms of appearances to make soup or meals for lunchtime sales. FARMA, the National Farmers' Retail and Markets Association, represents farmers and growers who sell directly to the public, so it is a good place to start although you should always ask around locally too.

www.farma.org.uk

Community gardens

Some groups are now selling surplus produce that has been grown in community gardens – green spaces that have been created and nurtured by local people to grow produce for the benefit of their local community. Produce grown in community gardens can be very fresh and may be available for a nominal price or even free of charge. Fresh fruit and vegetables are regarded as low risk foods that will be required to be washed before consumption – however, please check with your local Environmental Health Officer to make sure you are keeping to all health and safety regulations. The Federation of City Farms and Community Gardens represent these types of community initiatives and there may be other local organisations that will be interested in your idea.

www.farmgarden.org.uk

Networks

The Open Food Network is a new community-led, low-cost online ordering system that lets shoppers order freshly harvested produce directly from local farmers and growers. The system is very flexible and lets community groups set up their own online shop-fronts, establish links with local producers and source store cupboard dry goods. Furthermore, The Sustainable Food Cities Network involves 48 cities and other communities in the UK who want to work together to improve their food cultures and economies so it is a valuable source of information about these kinds of creative initiatives.

www.openfoodnetwork.org

www.sustainablefoodcities.org
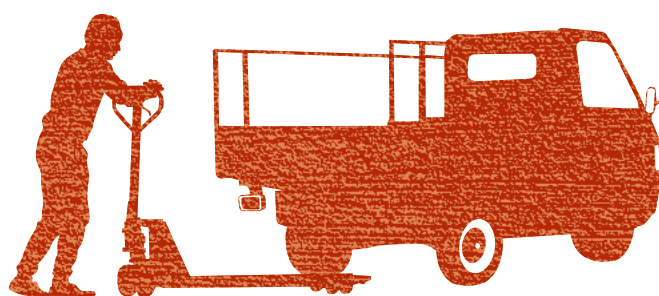
9. Opening and trading

Once you have established your team and legal form, written your business plan, fundraised, and managed your staffing, premises and suppliers, you will almost be ready to open and start trading.

However, first it is vital that you address all of the legal and Health and Safety requirements that will make your business safe and ready for business, including any licences (for the sale of alcohol, for example) and all of the necessary food safety and hygiene regulations.

For more information, contact your Local Council and The Food Standards Agency (www.food.gov.uk). Further support can also be found at www.plunkett.co.uk/preparing-to-trade.

Promotion and publicity

The official opening day is approaching and so now is your chance to really celebrate everything that you've achieved so far, with your community!

Your grand opening should be a significant event, so invest some time in planning it. Keep in mind that it's best organised for a couple of weeks after you have actually started to trade, as by then you will have sorted out any teething problems.

Now is the time to build trust and a closer relationship with all of your soon-to-be customers, so make sure you let them know when the official opening will be, well in advance. Useful tactics include flyers, posters, bulletins in local newsletters, a news release to the local press, not to mention setting up your social media pages (Facebook and Instagram grow audiences fastest) and reaching local individuals and interest groups online. It's a great idea to decorate the outside of the premises with bright, visually appealing marketing materials too, as this will attract passers-by.

When planning the event itself, consider your budget, any speeches to be given or people to be publicly thanked, and your special activities – would any suppliers like to give tastings, or cooking demonstrations? You may also want to invite your local MP or a local celebrity to cut a ribbon and officially open the business. You will also want to record the day's events so think about photography and press – are there any food bloggers or local newspapers that you would like to invite?

There are plenty of logistics involved so setting up a production schedule for your event, including key things to be done, who is responsible and the deadline for each, is very beneficial.

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CASE STUDY

The Community Shop, Leicester

Setting up a community food business is an incredibly rewarding if sometimes challenging task, and they are now a growing phenomenon inspired by successful current models. One such example is The Community Shop Leicester.

The community-owned shop came about in response to food and fuel poverty experienced by people in Leicester. Leicester City is the 25th most deprived of 326 local authority areas and over 43,000 households in the city are in receipt of a welfare benefit as their main source of income, with 26,000 children in the city growing up in poverty.[1] Additionally there is the hidden issue in the city whereby people who are in paid employment still find it difficult to cope financially due to the increases in the costs of food and fuel. The increase in food costs means that many families are no longer able to manage within their budgets. As a consequence many households struggle to feed their families and are increasingly turning to food banks across the city.

To address this, the Zinthiya Trust during 2015 and 2016 led a number of consultations with the local community and gained further evidence regarding the needs of local people through the charity's activities, including their food bank and advisory services. Based on this feedback, it was clear there was a need for a shop that provided affordable food and everyday provisions.

However, the team knew that there would be many challenges and experience from others within the community was also needed to make it work. Thereafter, during the community consultation period, people who had a variety of skills were invited to join the first management committee. Alongside this, extensive advisory support was provided from the Our Urban Shop project led by the Plunkett Foundation in partnership with Locality, thanks to funding from the Esmée Fairbairn Foundation.

Initially, the estimated budget required to set up the shop was approximately £27,000. A grant of £23,450 was awarded from Our Urban Shop and as low cost premises were also secured, additional funding wasn't required. Furthermore, gifts in kind were received which helped with stocking the shop.

In October 2016 the organisation was incorporated as a Community Benefit Society as it was recognised that this would best met their needs and as it enabled genuine community ownership with equal and democratic control. The shop opened a few months later with nearly 200 registered members.

Since then, the day-to-day activities of the shop are managed by a paid manager. Additionally there are over 12 volunteers giving their time, which not only supports the shop but also is a good way for local people to develop new skills and meet others in the community.

The Community Shop Leicester plans to grow its membership and increase sales to generate income to ensure the shop thrives. The shop will continue to work co-operatively with partners so that it can give additional benefits to members. An example of this is that the shop is working with their local credit union and through the Zinthiya Trust will provide free money and energy advice.

In the long term The Community Shop Leicester aim is to move into a larger premises with additional storage in order to bulk-buy stock and as a result help members to save even more money on their groceries.

1 Leicester City Council Food Plan 2014-2016, March 2014

About Our Urban Shop

Our Urban Shop was a unique pilot project that aimed to help urban communities in the UK overcome the issues of buying good food locally.

Led by the Plunkett Foundation and delivered in partnership with Locality, the pilot was funded by the Esmée Fairbairn Foundation to help urban communities access the support and resources to set up community-owned shops.

Find out more

Plunkett Foundation

www.plunkett.co.uk

Phone: 01993 810 730

Email: info@plunkett.co.uk

Locality

www.locality.org.uk

Phone: 0345 458 8336

Email: info@locality.org.uk

Esmée Fairbairn Foundation

www.esmeefairbairnfoundation.org

About the Plunkett Foundation

Established in 1919, Plunkett Foundation helps
communities to take control of their challenges and
overcome them through co-operation. We support
people, predominantly in rural areas, to set up and
run community co-operatives; enterprises that are
owned and run democratically by large numbers
of people in their community. They help people
to tackle a range of issues such as isolation,
loneliness and poverty, and come in many forms
including shops, cafes, pubs and land-based
initiatives, and anything in between.

If you share our values, ask us about becoming a member

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