

Community Harvest Whetstone

a community finance case study

Started by Transition Leicester in 2009, Community Harvest Whetstone (CHW) is a vegetable-growing co-operative in Leicestershire. It is a Community Supported Agriculture initiative which has benefited from advice and support from the Soil Association and Co-operatives UK. Land was offered by a local farmer who was interested in promoting local food using the CSA approach.

The aim of the project is to provide fresh, healthy, traceable vegetables to the local community in and around Whetstone, creating a resilient and sustainable model of food production in Leicestershire. The implications of climate change and rising fossil fuels costs have created a need for re-localisation of food production, and CSAs provide a tried and tested way of achieving this and strengthening local communities.

We decided to apply for funding to cover the costs connected with the starting up of Community Harvest Whetstone: mostly equipment, tools, materials, compost and seeds but also some professional fees. The budget we drew up showed that we needed funds in the region of £10,000-11,000 on top of the share and membership subscriptions to cover these costs before the project could expand and become fully self financing by the end of the 3rd year (August 2012).

The project began pretty much on the assumption that it would be funded by the Big Lottery Local Food Programme and much time and energy went into the application for this funding. A couple of local grant-giving bodies were also approached. Whilst this was being processed, a pilot scheme got under way in order to maximise the enthusiasm of the group. It was decided to offer ten half-size crop shares during the first year.

Alongside the funding work, decisions were made about the legal constitution the business would take. It was decided that the legal structure of the group would be as an *Industrial and Provident society* (IPS), for the following reasons:

- there is statutory protection of the co-operative principles
- legislation is designed to protect membership and enhance democracy
- an IPS can issue shares to people, who then become members
- IPS legislation is less complicated: there are fewer admin and legal requirements

Community Supported Agriculture encourages up-front financial support from the crop sharer in order to pay for the growing of the crop, rather than the more usual model of paying for what has already incurred labour and overhead costs. Thus a small amount of finance was raised from the ten initial crop sharers which paid the growers (but not a lot!) over this period.

By the Spring of 2010 we knew that we had been unsuccessful in our funding bids. We may well have been stopped in our tracks by this news, but there were two factors which saved the project. One was that the business was under way and the momentum was there to find a solution to the financial problem now facing us: that of expanding from the pilot scheme into a two acre field. The other was that some of the core group had attended a workshop on community finance (one module of the support programme put together by the Soil Association) and Jim Brown and Paul Sander-Jackson, the workshop leaders, had demonstrated the power of local community investment. We decided to be hopeful that our local community would support our project.

We put together a capital share offer. Shares are offered at £1 per share with a minimum holding of 100 shares (£100 blocks). They are non-transferable and we ask for a minimum commitment of three years, after which a six month withdrawal period will apply. No dividend is offered – just the satisfaction of involvement in a social enterprise – although this may change once the expansion phase is complete. All investors are aware that the business could fail, with the loss of most of their money.

CHW has a database of some 120 people who have shown an interest in the scheme. They are drawn from a variety of sources: Transition Leicester, stalls held at local festivals and farmers' markets, Whetstone Pastures Farm (project site) customers and supporters, local media coverage and word of mouth. This list, as well as Transition Leicester's general database of 500+, was sent the share offer in July 2010.

Hard facts: Within a couple of weeks £2,500 had been invested. By November that figure had grown to £7550. The same month we were successful in securing funding from the Rural Community Council's Climate Friendly Communities Grant to the tune of £3,267. Our original target of £10,000-11,000 had been reached.

We have 44 members, 26 of whom are investors. Thirteen people invested £100 (as any investment holding cancels the requirement to pay £24 annual membership subscription, this is an attractive offer), six invested between £101-£499, five invested £500 and one invested £2,000. £3,200 of the investment has been made by people with no other involvement in CHW – the remainder of investors are committee members, growers and crop sharers.

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