CASE STUDY



Kindling Farm

Case Study: Kindling Farm

This case study has been written for UK-based community groups, charities and co-operatives seeking to buy and manage farmland. Bringing land into community or co-operative ownership in the UK has rarely been simple, but it is possible. This is one of three case studies of community groups and co-operatives who have achieved farmland ownership and management, examining in detail the business models that allowed for their continued success. All case studies can be downloaded from: https://communityfarm.land/.

Last updated: June 2022

Overview

Kindling Farm is a spin-off project from the organisation Kindling Trust, which has been working from Manchester for many years to establish a sustainable food economy. Kindling Farm was established in 2016 as an autonomous organisation to purchase farmland and establish a 40-80 hectare agroforestry farm which would supply organic fruit and vegetables to Manchester. This was the culmination of many years of research and planning by the Kindling Trust.

Established:	2016
Structure:	Community benefit society
Type	Multi-stakeholder co-operative
Start-up funding:	Grants, debt and community shares.
Hectares:	Aiming for 40-80 (see below)
Region:	North West England
Website:	https://kindling.org.uk/Farm

In 2021 Kindling Farm, having identified a suitable farm, launched their share offer and raised over £1M, which together with debt and grant was sufficient to purchase the farm. Unfortunately the vendor had to withdraw from negotiations mid-way through the campaign. In consultation with its members Kindling Farm decided to continue with the campaign (offering investors the chance to withdraw at that point – which hardly any did) and search for another farm retaining the investment capital while they search.

They now (early 2022) have the advantage of being able to move quickly once a suitable farm (or farms) is identified.

Governance Model

Kindling Farm was originally established as Kindling Community Land Initiative, changing its name in 2019 in preparation for the launch of its community share offer to raise part of the capital required to purchase the farm then in prospect.

Kindling Farm operates as a multi-stakeholder cooperative with the following member classes:

- Supporter member - anyone who pays a subscription to or has invested the minimum number of shares in Kindling Farm. There are currently over 600 such members from the initial share offer.
- Employee member - any employee of Kindling Farm.
- Tenant member - any tenant of Kindling Farm

Supporter and tenant membership is open to organisations as well as individuals.

The members elect a Board of Directors who provide the strategic direction to Kindling Farm. The Board of Directors is composed of members from the different member classes, such that no member class may have a majority of the Directors on the board.

Once the farm is established, the day-to-day running of the farm will be the responsibility of a farm manager and staff, who will be answerable to the Board of Directors. The management of the farm as a whole will be co-operative with autonomous teams having delegated responsibility for different areas of the farm business.

Business Model

Kindling Farm intends to operate as a viable and sustainable organic, veganic farm producing and selling organic produce to the NW of England using agroforestry.

In addition, they have a plan for significant farm diversification with ancillary on farm businesses and a Centre for Social Change. This Centre containing:

- small and medium size meeting rooms,
- a large conference space,
- a range of accommodation options (camping, camping barn, hostel-style and individual rooms), and
- a large dining area for a range of group uses.

The Centre will be the focal point for courses, activities and work supporting positive social change.

Financing

Kindling Farm has used “cocktail finance” - a blend of grant, debt and equity (shares) to finance the project. Grant funding has been particularly useful to finance early development costs. Whilst it might be possible to finance such a farm purchase with just debt, the use of community shares makes it easier to secure debt finance (as the shares are subordinate to debt) and may also make it easier to secure lower interest rates for that debt.

The projected capital costs of establishing the farm over 4 years are shown below, taken from their business plan.

Farm purchase	£1,300,000
Refurbishment of farm buildings	£277,000
Machinery	£30,000
Professional fees	£41,000
Other capital works (inc. drainage)	£64,000
Polytunnels	£100,000

Kindling Farm has the option to raise further capital in years to come using further share offers and also have the option to move to an open share offer, which provides a trickle of new member share capital to replace that of initial investors. As this new capital will likely be much lower amounts this will also have the effect of growing the membership and accountability of the Kindling Farm.

Trading Model

The business planning was for an initial turnover of £200K rising to £700K by year 4. This level of turnover would be sufficient to pay up to 3% interest on members' shares and allow withdrawal of 10% of the shares per year after year 4. The staged timeline is shown below.

Timeline

The revised timeline for Kindling Farm following the withdrawal from sale of the original farm is shown below.

May 2021	Refinement of finances in light of the original farm not being available. Search for a new farm begins
April - July 2021	Share offer
Summer 2021	Issue shares
Winter 2021	Soil and land evaluation of potential farms
Spring 2022	Financial evaluation of potential farms. Due diligence around planning and ownership. Revised farm-specific business plan. Secure loan finance.
Summer 2022	Purchase negotiated. Members ratify the decision to purchase. Option for members to withdraw shares at this point.
Autumn 2022	Farm purchased Farm manager recruited Costed plans drawn up for staged refurbishment of new farm. Planning applications submitted. Biodiversity surveys

	Emergency and conservation repairs to make the farm operational. Members open day
Winter 22/23	Crop planning finalised Farm master action plan agreed Initial farm infrastructure work Agroforestry trees planted Growers recruited
Spring 2023	Field scale production starts
Summer 2023	First crops harvested
Autumn 2023	Kindling Farm AGM
2024/25	Trials of cereals and pulses commence
2027/28	Full farm production

Resources

- Kindling Farm Share Offer Document: https://kindling.org.uk/sites/kindling.org.uk/files/2021-06/KindlingFarm_Community_Share_Offer-V2.pdf
- Kindling Farm Business Plan: https://kindling.org.uk/FarmBusinessPlan
- Kindling Farm, Governing Rules: https://communityfarm.land/wp-content/uploads/2022/06/Kindling-Farm-Rules.pdf

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