ECOLOGICAL LAND CO-OPERATIVE

Business Plan 2015-2020









Contents

Executive Summary	3
Vision and Objectives	4
Key Drivers	5
The Model	7
Organisational History	13
Organisational Staff and Structure	15
Plan for Growth	18
Managing Risk	27
Supporters and Media	30

Co-operative enterprises build a better world

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Executive Summary

This document details our plan to create around 20 new small farms – ecological smallholdings – between 2015-2020. These holdings will be protected for ecological use, they will provide rural employment, local food, and crucially, affordable access to land. However, the impacts of our work are wider than this; our creation of ecological holdings also:

- Demonstrates a model of collective ownership that can protect and enhance the land, based not only on ideas of conservation, but on producing a living and working countryside;
- Contributes to, and strengthens the growing community of individuals and organisations committed to fostering the skills, knowledge and solidarity to allow the land to sustain us as we head into unpredictable times;
- Through our site monitoring provides research and impetus that helps strengthen campaigns for land reform; and
- Seeks to improve planning policy by providing evidence and examples that low-impact ecological land use has multiple benefits and should be embraced and legislated for, not feared.

We have produced a model which is both pioneering and financially sound. This business plan sets out, in detail, how we will achieve our goals.



Vision and Objectives

The Ecological Land Co-operative was set up to address the lack of affordable sites for ecological land based livelihoods in England. As you will read about in the following sections of this document, there is an enormous disconnect between the combined cost of land and rural housing, and the income that is usually derived from sustainable rural livelihoods.

Sustainable rural livelihoods – such as small-scale ecological food production – protect the environment and reduce greenhouse gas emissions by reducing fossil fuel use. Such businesses help build a vibrant, living countryside in which people flourish alongside our cherished landscapes and natural biodiversity, and have a important role to play in ensuring food and energy security. They also provide employment, access to local food and crafts, and educational opportunities for urban visitors, helping to maintain rural skills and to improve ecological literacy. Our mission is to increase access to land for such livelihoods.

Our solution and core business is the creation of small clusters of three or more affordable residential smallholdings. As well as land, we provide smallholders with permission to build their own sustainable home, and with utilities and road access. Our model allows us to keep costs low, both through buying larger sites at a lower price per acre, and through distributing the cost of infrastructure, planning applications and subsequent site monitoring across a number of smallholdings. The model allows the smallholders to work and learn together and to provide mutual support. Our co-operative retains the freehold on each



smallholding in order to protect it for agricultural and ecological use, and as affordable in perpetuity.

Beyond this, our vision is one where land is valued and used as a means to enhance our collective good. At present land in the UK is the target of financial speculation; in contrast, our model champions a collective, ecological and co-operative vision of land ownership and land use.

"I am heartened to see such a careful and thorough proposal which addresses both the need to rebuild small scale domestic food infrastructure and the need for a transition to ecological agriculture"

Zac Goldsmith MP, Conservative Party, speaking in support of our Greenham Reach planning application

"We see evidence of a progressive loss of small family farms and with it a lack of opportunities for new entrants. For many the biggest obstacle is getting their first foothold on the farming ladder as a result of the prohibitive cost of land and rural housing. The Ecological Land Co-operative model is a new and innovative solution and we welcome and support this approach."

Rachel Harries, Soil Association

Key Drivers

So why is there a need for our affordable smallholdings and sites?

Lack of Opportunities for New Entrants

Farming and horticulture are extremely inaccessible to new entrants which is why the average age of a British farmer is now 58. This is primarily due to:

- The high set up costs involved in establishing a farm business, including the price of agricultural land, now trading at record price levels of approximately £8,000 per acre. These prices have been pushed up in recent years as instability in the financial system has led to an increase in agricultural land being purchased as an investment. In the period 2000-2010 new farm entrants accounted for just 4% of agricultural land purchasers;
- The high costs of rural housing. The average house price in rural England has more than doubled over the past decade to over £250,000, but the average salary is still £21,000; and
- An historical trend in land amalgamation, leading to the availability of a fewer number of predominantly large farms for purchase. This has happened at the same time that the number of County Farms and smallholdings has declined.

Most farmers, but particularly small-scale ecological farmers cannot generate from farming alone the income required to service a mortgage for the average farm. The ratio of farm purchase price to average agricultural income is in excess of twenty to one in most parts of the country. The result is a substantial body of people who wish to farm an ecological smallholding but are unable to afford to do so.

A Restrictive Planning System

Planning legislation enables planning permission to be granted to a farmer to build themselves a dwelling on their land where the planning authority consider their farm business to be both financially viable and have a need for someone to be on hand around the clock. Where new entrants can obtain this permission they essentially overcome the most significant barrier; self-built housing removes the need to service either rent or a sizeable mortgage on a house.

Such permission to build a farm worker's dwelling is granted subject to a condition limiting who can occupy the dwelling. These are known colloquially as 'agriculturally tied properties'. A number of these 'tied' properties are being lived in by occupants who are not farmers; others have been built by those seeking to justify a dwelling when planning would not otherwise be granted. This has made it extremely difficult for those with a genuine need to get such a permission. Planning authorities are often reluctant to grant permission for new farm worker's dwelling because of the risk it presents; enforcement action is expensive.

"Many of the people who work in the countryside increasingly cannot afford to live there, while the people who can afford to live there increasingly do not work there."

Matthew Taylor MP, The Taylor Review of Rural Economy and Affordable Housing (2008)

"…the balance against new opportunity does seem to have swung too far in agriculture with high land prices, the CAP supporting the status quo, tenancies rarer and few other business opportunities. This is not healthy and the solution cannot depend on market forces alone."

David Fursdon, Future of Farming Review Report (DEFRA, July 2013)



For small-scale ecological growers the situation is worse. Both planning officers and planning committee members (those making the decision to grant permission or not) have little or no experience of small-scale farm businesses. These decision makers need to be given evidence that small-scale enterprises are viable, and will remain so, or that there is a robust mechanism in place to protect the new dwelling. If not, they risk creating a new home in the open countryside which fails to be used to house a farmer or farm worker. More often than not, the farmer is simply refused permission.

Hard Economics of Small-Scale and Ecological Agriculture

Changes in both farm production and the food we eat have resulted in the imposition of new levels of environmental costs; the external cost (i.e. costs of production not incurred by the business, but instead "externalised", such as social or environmental costs) of UK agriculture up to the farm gate was estimated in 2005 to be £1.51 billion a year. Significant reports – including from government – concur that business-as-usual is not an option; farming structures will need to change dramatically with the adoption of alternative models of production and distribution toward bio-diverse, multifunctional, ecologically based farming practices.

For the time-being however, the conventional farming system continues to 'externalise' the costs of biodiversity loss, cleaning nitrates from our water, etc. Ecological producers, making use of methods and inputs such as integrated pest management and green manures, must incur higher labour costs while needing to sell at similar prices to conventional producers; this heightens the financial barrier set out above.

Environmental Challenge

We live in a time of profound environmental challenge. Our collective approach to both land use and food production form a significant element of our impact on the biosphere. Where unsustainable land use practices dominate, we typically see a range of associated negative social impacts. From both a human and biodiversity perspective there is a pressing need to reverse the impacts of current practices, and to create viable alternatives which can nourish our communities and the wider environment in the long-term.

The Model

Our co-operative purchases agricultural land with a view to subdividing it into a number of ecologically managed residential smallholdings. Drawing on the advice of organic horticulturalists and farmers, ecologists, soil experts, transport advisors, planners, prospective customers and those living locally and with local knowledge, we then propose a new smallholding cluster, including a binding whole-site ecological management plan.

We involve stakeholders, such as those living locally and the local wildlife trust, at the earliest opportunity and present our plans to the planning authority. After reflecting on and incorporating advice and feedback, we submit our plans for planning permission. This may be granted by the local authority, or at appeal. Once planning permission is granted, our co-operative sells (150 year lease) or rents the smallholdings to new entrants to ecological agriculture at an affordable rate and monitors the holdings' performance against the detailed whole-site ecological management plan.

At our first site, Greenham Reach, in addition to their greenfield holding of between 5-9 acres of land, the three smallholder families received the following support and benefits:

- No conveyancing costs;
- Permission to build a low-impact dwelling;
- A shared timber frame barn;
- Highway Authority compliant road access and internal stone track;
- Electricity via on-site renewable generation, with no ongoing charges;
- Water via rainwater harvesting, with no ongoing charges;
- One year's business mentoring from a sector expert;
- No-cost labour via regular volunteer work days organised by the Co-operative;
- Ongoing support and advice regarding business planning, grant applications and planning conditions/permission;
- Opportunities for mutual support and collaboration through our cluster model; and
- Brand association, trust and credibility.

"As a society we face numerous immediate and longer term challenges with regards to food security, energy and climate change. A genuinely sustainable response relies on more small farmers in Low Impact Developments, providing good food, experimental data, and contributing to rural regeneration. ELC does just that — putting in place today the foundations for the food production of tomorrow"

Caroline Lucas MP, Green Party



"The ELC has enabled us as new entrants into farming to start up a small-scale agricultural business. The support that the ELC has offered has enabled us to concentrate fully on getting the farm up and running, whilst providing security and advice which I feel is invaluable, particularly as we have two small children."

Alex Wilson, Greenham Reach Smallholder

CASE STUDY

Greenham Reach

Our co-operative's first project is a cluster of three affordable smallholdings for new entrants to ecological agriculture. It is in the parish of Holcombe Rogus, Mid Devon.

A 5-year temporary planning permission was granted for the project on 18th April 2013. The permission allows us to use our 22 acre Greenfield site for three farm businesses including constructing a barn, track and three temporary residential agricultural workers' dwellings, each tied to an agricultural holding of between 5.5 and 8.5 acres (i.e. one dwelling for each smallholding).

We offered the smallholdings on long-term tenure to three ecological food and herb producers, subject to compliance with a rigorous whole-site management plan. Although each smallholding operates as a separate business, the Co-operative has overall responsibility for compliance with the terms of both the management plan and the planning conditions, and we work with the smallholders to ensure that this is achieved.

The smallholdings were offered with use of the timber barn; a solar electrical system (with no further charges for electricity); a rainwater harvesting and treatment system (with no further charges for water); temporary planning permission for a self-build low-impact dwelling; a new stone track and road access; and a package of support. The support has so far included: a year of advice from a farm mentor; quarterly work weekends where our co-operative's supporters and members volunteer on the smallholdings; and assistance with planning applications, farm business planning, and grant applications. The holdings were sold for £72,000 with two purchased under rent-to-by agreements; smallholders on these two plots needed just £14,400, buying the remaining portion, plus interest, incrementally over 25 years.

The Co-operative will apply for permanent planning permission when the current temporary permission expires in 2018.





"We have been trying to do this for years, but there are a lot of hurdles. Thanks to the ELC's help in removing and negotiating some of these, we are now here doing it. We have a beautiful small farm which is now starting to become productive. Living on the land means that the work of growing food, looking after our livestock and managing the land is integrated with our lives, and our children's lives, making it more sustainable, enjoyable and possible. It's hard work but we love doing it. Despite relevant training, skills and experience, without the ELC, financially and legally we might never have managed to access land to farm and live in the low impact way that we now are."

Ruth O'Brien, Greenham Reach Smallholder



Tenure options

Our tenure options are an outcome of the desire to make our smallholdings as accessible (affordable) as possible, and the need to create a sustainable business model. We have therefore developed three tenure options, which we intend to offer in combination:

- **Outright leasehold sale:** The smallholding is sold on a 150-year leasehold agreement. This model suits smallholders with some savings or existing property equity. The Co-operative benefits from this tenure model as it allows us to immediately realise the capital invested in the smallholding's development, which can then be reinvested into developing future sites. To date, one of our three existing leasehold smallholdings has been sold outright.

- **Rent-to-buy leasehold sale:** Our rent-to-buy model echoes shared ownership schemes, with a 20% up-front deposit paid, and followed by rental (a mixture of interest and capital payments) over 25 years. For the first five years small-holders pay interest only; capital payments start later in order to give smallholders the opportunity to build up their business. The rent-to-buy model suits smallholders who want the security of a long-term leasehold, but who lack the capital to buy the lease outright. The Co-operative benefits from this tenure model as it allows us to consider a wider pool of applicants. To date, two of our three smallholdings have been sold with a rent-to-buy arrangement.

- **Rental:** We have not yet offered our smallholdings for rental but we plan to do so within the period covered by this business plan. Rental smallholdings are of interest to those looking for a first experience of managing a small-scale sustainable farming enterprise without making the significant commitment of buying a plot, and/or without the savings or access to capital needed to buy a lease. The Co-operative benefits from this tenure model as it gives us a long-term source of regular income. Rental payments have been set within our financial forecasts at £400 per month, rising with inflation.

Cost to Smallholders

The costs to smallholders break down into the following:

- **The upfront cost of lease:** the 'premium'. This is set in this business plan at £22,000 for rent-to-buy and £110,000 for an outright leasehold sale. However, the final amount we will charge depends on the actual costs of producing the holdings, including the costs to the Co-operative of borrowing the money to cover expenditure. These projected costs are set out below in the *Plan for Growth* section. There is no upfront cost for rental properties.

- **The ongoing costs of lease:** This is the rent paid on rent-to-buy holdings and rent paid on rental properties. During the first five years, rent-to-buy rent represents interest – at 6% – on the portion of the holding not purchased. After the first five years this rises to allow for capital payments. On a holding valued at £110,000, payments would total £430 and then £625 per month. Rental holdings have been calculated at £400 per month, rising annually with the Consumer Price Index. There are no ongoing costs of lease on outright sales.

- **Other ongoing costs:** Our co-operative also needs to pass on the costs of insuring any shared

infrastructure and land, and to maintain shared infrastructure. We also need to cover the costs of monitoring the site (biodiversity survey fees, water and soil testing, traffic monitoring, etc.) and for the staff time in providing business and planning support to the smallholders. In this business plan, these costs have been set as follows:

- *Insurance:* £150 per site per year (based on quote from our existing insurer).
- *Maintenance:* Not included, these will be passed on as and when they are incurred.
- *Site monitoring:* Capped at £400 per year (base year 2014), rising with inflation, on each smallholding.
- *Support:* Set at £650 per holding per year but decreasing to £0 over 10 years. This reflects the fact that smallholders will need less business and planning support as they become established.

We have at the time of writing commissioned a market research exercise, to be conducted by Plunkett Foundation, exploring (among other things) current and aspiring smallholders' preferences regarding up-front versus ongoing costs (see *Market Demand and Marketing,* below).

Below are the actual costs for smallholders at our first site set against projected costs for subsequent sites. All prices are projected to be higher than Greenham Reach. This reflects increasing land costs and a recognition that we undercharged for our first smallholdings.

Market Demand and Marketing

We are contacted regularly by individuals and families wishing to buy or rent smallholdings from us. When we were ready to sell our first holdings at Greenham Reach, we had 55 expressions of interest with 26 full applications being made. Demand currently far outstrips our ability to supply smallholdings; our waiting list for smallholdings, with no advertising, currently stands at 102.

With the support of a grant awarded by the Big Potential, the Plunkett Foundation will conduct detailed market research on our behalf later this year (2015). The research will seek to ascertain smallholders' requirements and preferences in terms of location, acreage, land type, business activities, tenure models, business support package, monitoring arrangements, infrastructure and housing. The research will also be taken as an opportunity to better understand our applicants; more important than attracting numerous applications is for our co-operative to attract those with the experience, characteristics and values that suit our offering. This research will inform our marketing strategy which to date has, due to high demand for our holdings, been of low priority.

Costs per smallholding	Costs for Greenham Reach	Projected new site costs
Upfront cost of lease	£72,000 (outright leasehold sale price) or £14,400 (rent-to-buy deposit)	£110,000 (outright leasehold sale price) or £22,000 (rent-to-buy deposit)
Ongoing cost of lease	£288 PCM (rent-to-buy rental payment*)	£430 PCM (rent-to-buy rental payment*) or £400 PCM (monthly payment for rental plots
Site monitoring costs	£400 PA (2014 base year)	£400 PA plus inflation
Smallholder support costs	N/A	£650 PA decreasing to £0 over 10 years

*Initial rental payment in first 5 years of lease, i.e. before start of capital payments.



Alternative Routes

There are two main alternative routes for land workers to acquire a smallholding in England without the help of the Co-operative:

- **Buy an existing plot:** Suitably sized parcels of land with residential planning permission do occasionally come up for sale. Our market survey shows that a 5 acre plot with residential planning permission will sell for upwards of £225,000. This compares with our projected price of £110,000 which includes, on top of land and planning, the benefits and utilities outlined on page 7.
- **Buy a potential plot:** People can, of course, themselves buy bare agricultural land (currently at c. £8,000 per acre), apply for planning permission, and (if successful) invest in developing their own infrastructure. This process requires considerable time (in our experience, often upwards of 5 years), money (professional planning consultants change £60–100 per hour), and planning expertise, and for the reasons highlighted under *Key Drivers* holds a significant risk of failure in the planning stage.

We believe that our model substantially mitigates many of the barriers faced by land workers engaged in either of the two routes above. Through our commitment to affordability and the protection of the agricultural tie built into our lease agreement we can deliver holdings at a price point far below market value.

Smallholder Viability

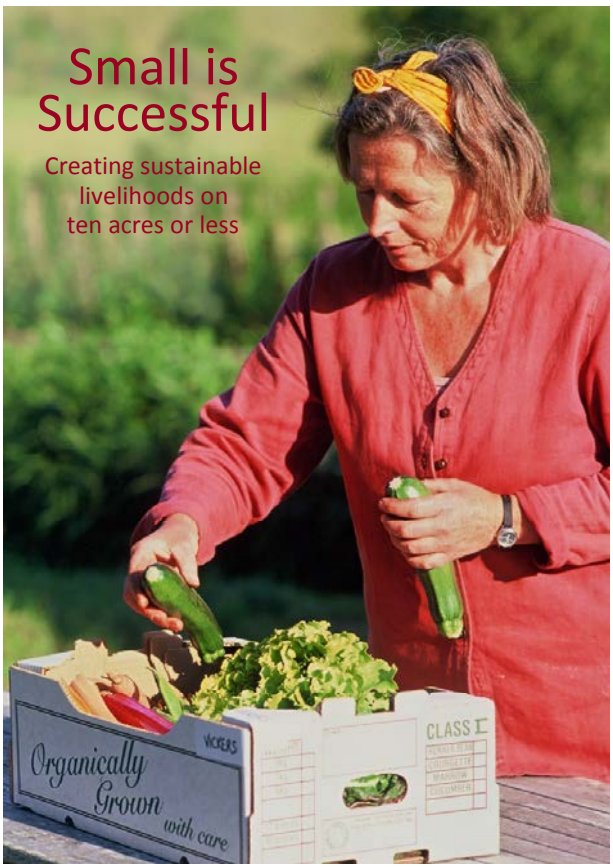
It is critical that our smallholders are able to run financially sustainable businesses. Financial viability is a significant issue for small-scale ecological producers as with all new businesses; of note is the fact that half of new businesses fail in the first five years across all sectors.

In 2010 we commissioned research into the viability of ecological holdings on less than 10 acres. The report, *Small is Successful,* was published in 2011. This study of eight enterprises found smallholder annual wages to be in the range of £12,000 – £16,000 on established holdings. (It is worth noting that smallholders typically enjoy a low cost of living, with reduced utilities costs and the input of goodwill labour, and often derive a significant proportion of their subsistence needs directly from

the land.) This finding has informed our model; we have developed our business plan so that we can deliver smallholdings at a price that relates to this typical income range.

We will continue to gather data on smallholder incomes and look for ways in which we can support our smallholders in meeting their financial targets.

Small is Successful can be downloaded free of charge from our website: www.ecologicalland.coop.



Protecting Smallholdings

We are entirely committed to protecting our smallholdings for agricultural and ecological use, and as affordable in perpetuity:

- Affordability is protected through the use of a re-sale formula in the leasehold agreement. At the point of sale, the value of the holding is calculated by multiplying the initial premium by the Consumer Price Index, plus the value of improvements made to the holding. This approach ensures that smallholders are compensated for their efforts, while maintaining the affordability of the holdings for future land workers.
- Agricultural use is also protected through the lease, which requires that each smallholding household have at least one full time equivalent working on their holding. Holdings cannot be sublet.
- The smallholders are bound by both the lease and planning conditions to a comprehensive and rigorous whole-site management plan which requires, amongst other things, that the smallholdings are managed ecologically. Performance against this plan is monitored annually. An example of our monitoring report can be downloaded from our website: www.ecologicalland.coop.

If a smallholder is found in breach of the terms of their lease then fellow members of the Co-operative will work with them to get back on track. If the smallholder is not willing or able to address the breach, the Co-operative has the ultimate recourse of requiring the smallholder to sell the smallholding back to the Co-operative, to be used by another.

Site Selection Criteria and Site Acquisition

We select sites based on a set of criteria, relating to: aspect; water; soil; visual amenity; access; markets; local context; local amenities and transport links; cost of land; and size of site. The work of acquiring our first site and connections with those purchasing land for smallholdings means we now have a fair understanding of the land purchase market. Our current area of focus is in the south of England, but future projects could potentially be located anywhere in England. This wide geographical catchment gives us scope to select from a wide pool of possible land purchases to secure the most suitable sites. We look for land through: local contacts; land agents; estate agents; and auctioneers. We are familiar with the national planning policy context; local planning policy extremely rarely strays far from national policy and the policies of other planning authorities.

Organisational History

We are the only organisation in England to offer affordable residential smallholdings for ecological land users. Over the last seven years our co-operative has developed a unique model for producing smallholdings and protecting them for ecological agriculture and affordability. We have developed three residential smallholdings to date.



Our 2011 report *Small is Successful* examined the economics of eight smallholdings with ecological land-based businesses on ten acres or less. The report was extremely well received, being included in the Research Council UK's publication *Big Ideas for the Future* showcasing "UK research that will have a profound effect on our future". It was endorsed and promoted by a number of organisations including the Soil Association and the Transition Network and attracted praise from several prominent and independent experts including Professors Tim Lang and Jules Pretty OBE. The authors were asked to give a number of presentations including to the All Party Parliamentary Group on Agroecology.

In 2014 we established an advice and support charity, the Ecological Land Trust. We have historically advised between 40 to 50 smallholders, small farmers, agricultural students and community food groups annually.

In 2015 we launched a comprehensive web resource based on a review of research into ecological agriculture in the UK, titled the *UK Agroecology Review*. The resource has been well received, with positive feedback from organisations including Funding Enlightened Agriculture (FEA), Garden Africa, Organic Lea, and the Permaculture Association, and was featured on the Food Climate Research Network (FCRN) website. We regularly contribute to policy and practice debates at events such as the Oxford Real Farming Conference. We also make representations to lobby for policy change; for example, in 2013 we contributed to Mid Devon District Council's Local



Plan by making a representation at the Local Plan hearing. This led to significant alteration of their policy on agricultural workers' dwellings. Our growing body of practical evidence in support of small-scale low-impact farming, both through the *Small is Successful* report, the *UK Agroecology Review,* and our flagship project at Greenham Reach directly informs and contributes to the wider agroecology movement.

We have gained recognition as a successful and innovative social enterprise. In addition to UK Research Council's commendation of our 2011 report S*mall is Successful,* we have enjoyed the following:

- 2015: Ranked 4 of 1,143 social enterprises in the RBS SE100 index (UK). We were also ranked No 1 for our sector and No 2 for our region.
- 2014: SE Assist award; £48,000 Big Potential grant; and named as the top social enterprise in South East in the RBS SE100 Index annual snapshot.
- 2010: Short-listed for Untld Level 2 award.

We have received a range of support and endorsements from well-respected organisations and individuals working across a variety of sectors (see *Supporters and Media* section).

"I'm an organic market gardener and small-scale farmer in northeast Somerset. With the help of the ELC I obtained temporary planning permission for an agricultural residence on my holding in 2013 which has enabled me to recommit to my farm business and plan for its long-term future. The ELC were helpful in many ways throughout my planning application process: I found the ELC's own planning experience at Greenham Reach and its publications such as *Small Is Successful* of great help in formulating my thoughts about how best to present my planning case, augmented by various telephone conversations with Zoe Wangler in which her wide knowledge of rural planning and the small-scale farming scene in Britain gave me further useful insights. Zoe kindly spoke at my planning appeal hearing and was able to put my case into this wider context."

Chris Smaje, Vallis Veg.



Organisational Staff and Structure

Legal Structure and Membership

Our Co-operative is a membership organisation: on joining, members become part of the group of people who collectively own the Co-operative and decide how it should be run.

Our members can stand for election to the Board of Directors, attend and vote at our AGM, elect directors, and (through the Board of Directors and decisions passed at our AGM) decide how the organisation should be run. The Ecological Land Co-operative is a bone-fide co-operative, registered as a mutual society (registered number: 30770R).

Ours is a multi-stakeholder co-operative. We have three types of membership which share a portion of voting rights:

- **Investor Members** have invested money in the Co-operative, share 25% of voting rights and receive returns on their investment. We currently have 38 Investor Members holding £137,184 in shares.
- **Worker Members** are those people that work for the Co-operative. Like Investor Members, they also share 25% of voting rights. Worker Members are employees and volunteers that work at least 15 days each year. We currently have seven Worker Members.
- **Steward Members** are ecological land managers and share the remaining 50% of voting rights. Voting rights were awarded primarily to Steward Members as they are the principal beneficiaries but by-and-large do not have the capacity to both run their smallholding and serve on the Board of Directors. This category of membership was designed principally for the Co-operative's smallholders but can be applied for by qualified ecological land users who do not farm one of our smallholdings. We currently have 19 Steward Members.

We have a high level of member involvement and participation. AGM turnouts are typically high, with 40% of members attending our 2014 meeting.

Members have historically been involved in producing our annual social accounts, and regular practical involvement is encouraged through our popular programme of volunteer workdays. We keep members up to date with work progress through the distribution of regular e-newsletters and through social media, and we have a dedicated members' section of our website including a forum.

Current Staffing

The staff team is currently: Managing Director Zoe Wangler, and Executive Directors Oliver Rodker and Cate Chapman. They all report directly to the Board. Zoe Wangler is also company secretary. As set out in our *Plan for Growth,* current staffing arrangements will change significantly following a successful share offer.

Zoe Wangler (0.6 FTE) is responsible for: planning applications and legal agreements; preparation of draft management accounts; contracts and contractor management; data control; business development (including systems and processes); Board and committee meeting administration; and with the other staff and directors, communications, partnerships, annual reporting and smallholder support.

Oliver Rodker (0.4 FTE) is responsible for: land grants; site monitoring; new site acquisitions; overseeing new site development including highways and construction contractors; and with the other staff and directors, communications, partnerships, annual reporting and smallholder support.

Cate Chapman (0.6 FTE) is our newest director, joining the Board in July 2014. She is responsible with the other staff and directors for: business development (including systems and processes);

communications; partnerships; annual reporting and smallholder support.

All staff are paid at the same rate of £13 per hour.

The Co-operative currently uses the following contractors:

- Local accountancy firm, Aspens Accountants to produce the annual independent examination;
- Rachel Boyd (Finance Manager, Zaytoun) to oversee our in-house bookkeeping;
- Ecologist Sam Brown to survey our habitats and provide training in habitat management to smallholders;
- Local freelance IT contractors to provide IT support;
- Salad growing guru Charles Dowding and Mike Brook of Organic Herb Trading to provide business support to our smallholders;
- William Knight to produce ecological footprints of our smallholders; and
- Staff at the Plunkett Foundation to provide market research.

The following roles are performed by volunteers and pro-bono contractors:

- Legal advice (planning), solicitor Lucy Thomas, Ashurst LLP;
- Legal advice (real estate) and conveyancing, solicitor Louisa Bradley, Ashurst LLP;
- Legal representation (planning), barrister Phil McLeish, Garden Court North Chambers;
- Planning advice, Chartered Planner, Daniel Scharf MRTPI PfT Planning, Blake Morgan;
- Website updates, volunteer Amelia Rowland.
- School visit and work day co-ordination support, member Teresa Perrella.
- Video production, volunteer Marcus Hicks.
- Infrastructure development support (site), volunteer Marcus Tribe.

The Board

Our governing document allows for a Committee of Management (Board of Directors) of up to 12 members. We currently have five directors: three executive and two non-executive directors.



Zoe Wangler and Cate Chapman at our office in Lewes

Executive Board Members

Zoe Wangler *Managing Director*
Before joining the Co-operative as our Managing Director in 2009, Zoe worked as a freelance environmental researcher. Her clients included the International Institute of Environment and Development, Friends of the Earth and the Food Commission. She also managed projects and ran stakeholder consultations, high-level workshops and project evaluations for clients including the National Consumer Council and Green Globe Network. For 3 years Zoe was part of the management team at the Tenderloin Neighbourhood Development Corporation a non-for-profit property development and management company serving the low-income Tenderloin community in San Francisco. Zoe interned at the Centre for Alternative Technology and lived at John Seymour's Centre for Living.



Oliver Rodker
Executive Director
In addition to working for our co-operative, Oli is part of the core group of the Landworkers' Alliance. Over the last twenty years Oli has also worked – and continues to work – on a variety of environmental projects and campaigns. Previously Oli co-founded Equinox Housing Co-op in Manchester and Landmatters Co-op, a 42 acre permaculture community in Devon. He is a director of Knott Wood Coppicers, a workers' co-op specialising in woodland management and tree planting.

Cate Chapman
Executive Director
Cate started her career in the student movement, working for the NUS and member unions. Working across a number of roles, she latterly focused on advice and advocacy as a finance and welfare benefits adviser, working with individual clients and informing social policy work. She has also variously worked as a lecturer and freelance copy writer/editor, and currently runs a small editing agency. Cate occasionally writes, with work published in several books and anthologies, most recently contributing to The Dark Mountain Project's sixth book.

Non-Executive Board Members



Shaun Chamberlin
Director
Shaun joined our team in 2012 and is our current Chair. He has been involved with the Transition Network since its inception, co-founding Transition Town Kingston and authoring the movement's second book, *The Transition Timeline*. He has served as an advisor to the Department of Energy and Climate Change; co-authored the All Party Parliamentary Group on Peak Oil's report into Tradable Energy Quotas; authored academic papers (including one on the Ecological Land Co-operative); and contributed chapters to a number of books, including *Low Impact Living Communities* and *What We Are Fighting For*. Shaun is the Managing Director of the Fleming Policy Centre, a former director of the campaigning organisation Global Justice Now (formerly World Development Movement) and a shortlisted candidate for the Sheila McKechnie Foundation Environmental Campaigner Award. He writes at www.darkoptimism.org.



Alex Lawrie
Director
Alex is a co-operative development worker for Somerset Co-operative Services CIC. Before joining SCS he co-founded Stepping Stones and Cornerstone Housing co-ops, Footprint Workers' Co-op and Somerset Co-op CLT. He is the author of *Empowering the Earth* and *Simply Finance*.

The Co-operative's governance also includes a Finance Committee, with primary responsibility for accounting decisions and financial monitoring. Zoe Wangler, Alex Lawrie, and Investor Member Leonard Beighton currently sit on the Finance Committee.

Plan for Growth

What we have delivered is set out in the previous pages of this plan, but what perhaps is understated is the wealth of knowledge and experience we have gained and the value of the systems we have established as the result of developing a highly unusual social enterprise.

What is also understated is the encouragement that the Co-operative receives. For a great number of people who want to live in a more sustainable and equitable way in the UK, the financial and planning impediments are huge. We have been told a great many times that what we are doing gives them real hope. Moving forward, we will apply this knowledge and experience to create more smallholdings, helping more land workers to realise their dream.

Our co-operative started life as a small group of individuals with a shared vision and a great deal of commitment, but with a shared lack of business and planning experience. Despite this inexperience we've succeeded in taking our idea through to a reality. We have learnt a great deal on the way: we now know how much a smallholding cluster costs to produce; we know how long our smallholdings take to deliver; we have learnt about our legal obligations as a developer and freeholder; etc.

2015–2020 Plan

In order for our co-operative to be financially viable in the long term, we must increase the rate at which sites are produced. This is because the co-operative requires one full-time equivalent (FTE) to cover general operations (accountancy, membership and Board administration, grant fundraising, etc.). These wages, along with the other overheads, need to be spread across a number of developments in order to produce both a viable co-operative and affordable sites.

Proposed Site Acquisition 2015-2020

	Site 2	Site 3	Site 4	Site 5	Site 6	Site 7
Year of Purchase	2015	2016	2017	2017	2018	2019
Year of Sale	2017	2018	2018	2019	2020	2020
Number of Smallholdings	Three	Five	Three	Five	Three	Three
Tenure	One sale, two rent-to-buy	All rental	One sale, two rent-to-buy	All rental	One sale, one rent-to-buy, one rental	All sales
Sale price	£110,000 or £22,000 (rent-to-buy)	n/a	£110,000 or £22,000 (rent-to-buy)	n/a	£110,000 or £22,000 (rent-to-buy)	£110,000
Monthly rent	rent-to-buy: £430 Years 1-5 (interest only) £625 Years 6-25	£400 per holding	rent-to-buy: £430 Years 1-5 (interest only) £625 Years 6-25	£400 per holding	rent-to-buy: £430 Years 1-5 (interest only) £625 Years 6-25 Rental: £400 per holding	



Site Acquisition

We have set ourselves the target of acquiring six sites and delivering 22 smallholdings in the period 2015-2020. These sites are detailed in the preceding table. The number of holdings at each site can be changed to adapt around land acquisitions, as can the mix of outright leasehold sale, rentals, etc.

The strategy includes the development of eleven smallholdings for rent to allow the Co-operative to establish a steady income to cover core costs. With this regular income the Co-operative will have a choice as to whether it wants to keep developing more sites, the type of tenure arrangement it wants to offer or whether it should just maintain the existing portfolio.

Future Staffing

The Co-operative needs to restructure. The 2015-2020 strategy provides a budget to allow us to recruit a new part-time member of staff immediately. The new team member will provide us with the extra capacity required to develop Site 2 alongside our existing workload. A budget is provided for 3 FTE in 2016, 3.5 in 2017 and then 4.5 full time equivalents in 2018. We envision the time to be split as the table shown on page 20.

We plan to retain the following consultants for the period covered by this business plan: independent financial examiners; ecological footprinter; ecologist; architect; IT; and solicitors.

Individual directors will be asked to take responsibility for: representing the Co-operative at events; key relationships (primarily funders); co-ordinating Board and committee meetings and ensuring records are maintained; overseeing social accounts; business development; Board

Budget for Staff

	2015	2016	2017	2018	2019	2020
Existing Staff Roles (2015 Only)	24,269					
Property Developer*	15,573	37,151	62,500	97,467	94,504	43,786
Finance Manager	7,571	11,584	11,816	12,052	12,293	12,539
Communications Manager	5,678	8,688	8,862	9,039	9,220	9,404
Volunteer Co-ordinator	2,621	4,010	4,090	4,172	4,255	4,340
Smallholder Support	3,786	7,964	8,862	9,039	9,220	9,404
Grant Fundraiser	3,786	5,792	5,908	6,026	6,146	6,269
Directors		14,576	14,868	15,165	15,468	15,778
TOTAL	**63,283**	**89,763**	**116,904**	**152,959**	**151,108**	**101,522**

* Year to year fluctuations in Property Developer staff costs reflect varying workloads year to year, including both initial planning applications and development of new sites, and subsequent applications for permanent planning permission on established sites.

New Staff Roles	Y1	Y2	Y3
Finance Manager Reporting to the Finance Committee, this staff member is responsible for: book-keeping and processing invoices; payroll; producing our management accounts; producing member interest statements; providing budgeting support to the other staff; arranging Finance Committee meetings; co-ordinating our annual independent audit; Corporation Tax returns; liability insurance; and reporting to the FSA. They will also oversee the grant fundraiser; maintain our holiday/sick records; process applications for membership and maintain the share register.	2 days per week		
Communications Manager Reporting directly to the Board of Directors, this staff member is responsible for: producing our communications strategy; managing our social media presence, branding and messaging; newsletters; articles; media enquiries; publicity materials; general inquiries; website content; overseeing website designers and programmers; data protection; co-ordinating the AGMs; and supporting other staff in the production of communication materials as needed.	1.5 days per week		
Smallholder Support Reporting directly to the Board of Directors, this member of staff is the first contact for our smallholders. Tenant Support will be responsible for: site monitoring and reporting, including action plans; on-going communications with local stakeholders; overseeing market research; outreach to potential smallholders; new sales and rentals; partnerships to support tenants (e.g. grant funders supporting growers); and site trouble-shooting. From Year 3-4, they will also be responsible for providing business support to smallholders.	1 day per week	1.5 days per week	
Property Developer(s) Reporting directly to the Board of Directors, this staff member is responsible for acquiring our next sites. They will oversee site selection, surveying and conveyancing. Once land is purchased they will oversee contractors / advisors to design the site, and they will prepare the planning applications. They will dialogue with stakeholders and the local planning authority and, if necessary, oversee any planning appeal. Once planning permission is secured, they will be responsible for site development, overseeing highways and construction contractors. Once the smallholders are on site, they will be responsible for ensuring planning conditions are discharged / applications for variations made where applicable.	4 days per week	8.5 days per week	10.5 days per week
Volunteer Co-ordinator The Co-operative is approached regularly by volunteers whose contributions could be better co-ordinated. We believe it prudent to create a position of Volunteer Co-ordinator. They will work with the other staff to specify volunteer roles, field enquiries from volunteers and provide volunteer orientation and support. The role could be added onto another position, such as Communications Manager. The Volunteer Co-ordinator would report to the director elected responsible for Human Resources.	3 days per month		
Grant Fundraiser Reports to the Finance Manager.	1 day per week		

development; staff reviews including identifying training and support needs; and human resources.

Introduction to Financial Projections

In the course of preparing this Business Plan, financial forecasts have been prepared for 20 years. We have included projections for the period 2015-2020 in this final document.

The figures in our forecasts are split into two categories: overhead costs; and per-site costs, which are presented here over the full payment lifetime of a typical site (27 years; composed of 2 years of development and 25 years of smallholder payments). The annualised overhead costs must be apportioned between sites in order to facilitate a full cost recovery model, and approaching our finances in this way has enabled us to clarify the rate at which we need to develop sites in order to both cover our overheads *and* deliver affordable smallholdings.

We recognise that our finances are complex and are more than happy to discuss the figures presented here in further depth. We have prepared a document explaining our approach to accounting and finances in more detail. This is available from our website, where our previous years' accounts can also be found.

Assumptions

The figures in these forecasts reflect the rate of site acquisition and include the staffing costs set out in the table on page 19. They are also based on the following assumptions:

- Land is purchased at £8,000 per acre;
- Each smallholding has on average of 6 acres of land;
- We will be able to raise £1,367,000 of share capital and £513,000 in secured and unsecured loans between 2015-2020. Our business model can tolerate variations in this ratio;
- The average cost of borrowing will be 2% across all types of financing, and that we will pay interest on share capital annually. This is double the amount we have paid for borrowing over the last five years;
- In our business model we have allowed ourselves 21 months to go from the point of identifying a site to selling the smallholdings;
- At a sales price of £110,000 per smallholding, *after* overheads and interest on shares and loans, the profit margin on a site of three smallholdings is 24% (although this margin is only achieved at the end of the entire 27 payment lifetime of a site, see below); and
- At £400 per month, rising annually with inflation, the first year's rent yield from rental properties represents 5% of the total costs. Both overhead and per-site costs are fully recouped after 25 years.

The terms for share withdrawals are covered below in the *Investment Product* section.

Capitalisation of expenditure and depreciation of assets is set out in our Accounting Policies which are available from our website.

Overheads

Annual overheads are projected as follows:

	2015	2016	2017
Non-Capitalised Staff Costs*	43,603	54,514	56,361
Office Costs and Travel	10,506	9,648	11,262
Professional Fees	5,450	2,660	2,690
Loan Interest and Bank Charges	1,004	5,325	5,325
Depreciation	1,760	3,309	9,088
Non-Staff Contingency	574	690	720
Total Operating Costs	**62,896**	**76,147**	**85,447**

* In accordance with our accounting policies, staff time/cost is split between overhead (i.e. organisational) and site-specific costs. Site-specific costs (e.g. the staff time involved in preparing and submitting a planning application for a particular cluster of smallholdings) are capitalised to our balance sheet, and only brought through to our profit and loss account at the point of lease sale.

Typical Site Costs: A Cluster of Three Smallholdings

To the right are the figures for a three-smallholding cluster made up of one 'sale' and two rent-to-buy holdings. These are the costs and income over the entire life of a site – 27 years (i.e. 2 years of development, 25 years of smallholder payments). The most expensive items are: land purchase; the staff cost of developing the site and then providing ongoing support; and site infrastructure.

The profit over the whole 27-year payment life of a site is healthy, but it is important to note that this profitability is long-term in nature.

Our Financial Model: The Organisation as a Whole

The financial projections for the Co-operative are based on delivering the six sites set out above and using the site costs and overheads given.

As each new site requires around 21 months to deliver, we do not see profits in the next two years (2015 and 2016) as investment is made and overheads incurred. After the next sites are sold (in 2017) we no longer make a loss. As the number of smallholdings increases, and with it rent payments from both rentals and rent-to-buys, we see annual profits growing. After 10 years, we estimate that we will own sufficient holdings for our overheads and member interest to be covered by income from existing rent and rent-to-buy land arrangements.

Projected Income and Expenditure on a Three-Holding Cluster over 27 Years

Expenses	
Land	144,000
Staff Cost	82,448
Site Infrastructure	72,000
Travel and Subsistence	7,571
Ecological Surveys	4,838
Planning Fees, Architect and Surveys	4,900
Conveyancing	3,100
Overheads	85,000
Depreciation	6,000
Total	**409,857**

Income	
Sales Income	333,000
Rental Income (Rent-to-Buy)	178,221
Grants	37,550
Monitoring Fee	13,279
FiT	10,450
Management Fee	8,125
ELS	5,300
Bareland Rentals	1,350
Total	**584,275**

Cost of borrowing at 2%	52,825
Total Project Cost	**462,682**
Profit/Loss with borrowing	**121,592**

Notes to the Profit and Loss Account/ Projections

1) Our accounting policy with regard to reporting sales income from rent-to-buy properties changed in 2014. Rather than showing all of the full sale price in the year that the holding was sold (i.e. £72,000 for Greenham Reach), only the portion sold in that year (i.e. 20%, or £14,400), shows in the profit and loss. The portion of any rent-to-buy smallholding not yet sold to the smallholder will appear as an asset on the balance sheet, diminishing each year to reflect capital payments made by the smallholder.
2) Following the same logic as in the previous point, only 20% of the land and development costs show in the year that a rent-to-buy property is sold. The remaining costs appear against the capital payments each year that the payments are received.
3) Site-specific staff and other costs were not previously separated out from "transaction costs

Profit and Loss

	Filed	Management Account	Projected					
	2013	2014	2015	2016	2017	2018	2019	2020
Revenue								
Grants and Donations	1,718	50,374	38,662	55,813	51,214	58,114	76,039	44,200
Rental Income	650	3,168	7,579	8,848	17,057	42,946	63,398	82,234
Management and Monitoring Fees	800	1,210	1,382	1,406	4,644	9,848	17,796	19,501
Leasehold Sales (1)	144,000	14,400	–	–	154,000	154,000	132,000	330,000
Other Income	112	97	503	517	853	2,256	3,291	3,863
Total Revenue	**147,279**	**69,249**	**48,125**	**66,585**	**227,768**	**267,164**	**292,524**	**479,799**
Direct Costs								
Land Purchase (2)	67,073	5,625	–	–	67,200	67,200	57,600	144,000
Transaction Costs and Infrastructure (2)	66,667	13,129	6,445	–	48,763	34,893	27,297	60,318
Staff Cost (3)	n/a	n/a	4,108	4,104	2,702	15,667	16,833	15,016
Other Direct Costs (3)	n/a	n/a	1,585	1,405	1,000	3,250	5,100	3,500
Total Direct Costs	133,740	18,754	12,138	5,909	119,665	121,010	106,830	222,834
Gross Profit	**13,539**	**50,496**	**35,988**	**61,076**	**108,103**	**146,154**	**185,694**	**256,965**
Operating Costs								
Staff Costs (Including On-costs)	8,429	17,972	43,603	54,514	56,361	57,204	58,637	59,810
Office Costs and Travel	2,142	11,913	10,506	9,648	11,262	14,275	15,257	15,300
Professional Fees (4)	-1,268	41,381	5,450	2,660	2,690	3,260	3,700	3,900
Loan Interest and Bank Charges	-18	773	1,004	5,325	5,325	6,825	9,825	3,825
Depreciation		1,697	1,760	3,309	9,088	22,282	23,597	22,653
Contingency	68	–	574	690	720	720	740	800
Total Operating Costs	**9,353**	**73,736**	**62,896**	**76,147**	**85,447**	**104,567**	**111,756**	**106,288**
Operating Profit / Loss	**4,186**	**-23,240**	**-26,908**	**-15,071**	**22,656**	**41,587**	**73,938**	**150,677**

and infrastructure" but will form their own categories from this year onwards.

4) Professional fee figure is high in 2014 due to receipt of a grant ring-fenced for business development consultancy fees.

5) In this forecast deprecation refers to the cost of the site utilities (e.g. solar and water systems) depreciated over their 15-year lifetimes, plus £2,000 per smallholding to contribute to organisational development costs incurred to date.

Balance Sheet

	Filed	Management Account	Projected					
	2013	2014	2015	2016	2017	2018	2019	2020
Fixed Assets								
Agricultural Land (a)	43,571	4,571	148,571	148,571	428,571	284,571	148,571	4,571
Smallholdings Held for Rentals	–	–	–	–	–	358,842	790,299	790,299
Agricultural Buildings	18,585	18,585	18,585	54,585	89,585	151,585	193,585	228,585
Utilities	25,457	25,974	24,243	45,960	53,896	112,636	129,060	137,426
Site Development Costs (pre-sale) (b)	37,004	30,251	49,221	95,016	62,214	63,720	6,924	–
Other (c)	40,505	60,419	60,391	60,365	54,341	38,318	22,297	16,259
Current Assets								
Cash	91,903	1,613	7,222	7,101	8,249	176,543	-1,973	314,828
Unsold Portions of Rent-to-Buy	57,600	115,200	115,200	115,200	291,200	467,200	555,200	555,200
Debtors	1,250	8,331	7,926	926	–	–	–	–
Liabilities								
Creditors	37,465	13,528	12,115	12,115	12,115	12,115	12,115	12,115
Loans	170,771	169,499	156,264	266,264	341,264	391,264	491,264	191,264
Total Assets/Liabilities (d)	**107,639**	**81,917**	**262,979**	**249,344**	**634,675**	**1,250,036**	**1,340,583**	**1,843,788**
Shares in Issue	139,649	137,168	345,219	345,219	662,219	1,132,219	1,132,219	1,472,219
Appreciation of Tangible Assets	32,928	32,928	32,928	32,928	76,127	174,900	204,702	204,702
Profit and Loss Account	4,186	-23,240	-26,908	-15,071	22,656	41,587	73,938	150,677
Profit and Loss Carried Forward	-69,124	-64,938	-88,178	-115,087	-130,157	-107,501	-65,914	8,024
Total Shareholder Funds	**107,639**	**81,917**	**263,061**	**247,990**	**630,845**	**1,241,205**	**1,344,945**	**1,835,622**

Notes to the Balance Sheet

a. Agricultural Land refers to both: commonland that the Co-operative retains at an existing site; and land which is owned by the Co-operative and being developed but has not yet been sold or rented.

b. Site Development Costs refer to the costs, such as staff, travel, etc. incurred in the process of seeking planning permission and developing the site and its infrastructure.

c. 'Other' refers to the small amount of office equipment that we have, as well as the organisational development costs that we have carried forward. Organisational development costs diminish by £2,000 with each smallholding produced.

d. There is between 0.03% or £81 (2015) and 0.71% or £8,831 (2018) variance between Total Assets and Liabilities and Total Shareholder Funds.



Financing

We are looking to raise £374,000 in 2015. Ideally at least £34,000 will be grant funding. Ideally we will exceed these grant funding targets so that we can keep the price of future smallholdings as low as possible.

Grants

So far we have successfully applied for £81,418 in grant funding. We have set ourselves the target of raising between £34,000 and £55,000 for each new site that we purchase and develop. We intend to apply for grants which support: community businesses and services (e.g. Power to Change); social enterprise development (e.g. Locate East Sussex); ecological agricultural (e.g. Fund for Enlightened Agriculture, A-Team Foundation); and rural skills and natural heritage (e.g. Heritage Lottery Fund, Princes Trust).

Loans

Ideally we would be fully financed through shares. As we cannot know how successful we will be in raising all of our necessary finance through shares we are also meeting with potential lenders to discuss loans. We are already discussing a £100,000-£200,000 loan with a charitable foundation for this year. We will also seek to meet with other relevant funds and trusts. Once we have been granted permanent planning permission we can also apply for mortgages for our existing rent-to-buy properties. So far we have only had one 'commercial' loan and one overdraft facility. The commercial loan came through a social enterprise award and we were lent the money at 0%. We hope to secure further social enterprise loans at no or low cost.

We regularly attract interest in our loanstock. Members can apply for an annual return of between 0-3% and we will accept applications for loanstock where we do not meet our targets for new equity investment. At present, the majority of our loanstock is issued at 0%.

Investment Product

We will be seeking to raise the bulk of our finance through equity. In 2015 our target is a minimum of £230,000 to finance the purchase of land and subsequent development of our next site. We have a waiting list of 197 people who have approached us requesting more information on investing in our co-operative.

We currently have £137,184 in equity finance from 38 Investor Members. So far Investor Members have received one interest payment, in 2013: 10% to the original pioneer investors, equating to 1.6% per year; and 5% to those that invested after we converted from a company to a co-operative, equating to between 1.2% and 1.3% per year.

Our intention is for Investor Members to receive an annual return moving forwards. This has been set at a maximum of 3% in this business plan, although some members may choose to waive this in order to further support the work of the Co-operative. In recognition of this, and of the fact that we have so far received a high percentage of our loans and loanstock at 0%, we have forecast an average of 2% payable across all financing.

We will offer the opportunity to purchase withdrawable shares. Withdrawable shares cannot be sold on to anyone else, but they can be withdrawn by request to the Co-operative. We will allow withdrawals following a member giving three months' notice of their intention to withdraw. However, we will be recommending that members view their shareholding as a long-term investment of at least three years. We will also only allow up to 10% of the combined share capital to be withdrawn in any year.

There will be a minimum investment of £500 and a maximum investment of £40,000.

When supporters invest with our co-operative they become a member, joining the group of people who collectively own the Co-operative and decide how it should be run. They can attend and vote at the AGM, including voting the Board back in, or out, and can stand for director.



Beyond the financial returns outlined above, investing in the Co-operative also brings a range of non-financial benefits. By investing, members can directly help us in delivering our environmental and social objectives: to widen land access; reduce the environmental cost of food production; revitalise rural economies; and live lightly on the earth. This is an exciting opportunity to be part of the development of sustainable small-scale farming in England, and to contribute to a body of collective action working for a safe food system, vibrant rural communities and a bio-diverse natural environment.

Managing Risk

We believe we have three principal areas of risk: planning; finances; and people.

Planning Risks

At our first site the planning officer recommended that we be granted planning permission. Then at planning committee our application was refused. We were granted permission by the Planning Inspectorate at appeal. Should the Planning Inspectorate have also refused to grant the project, our co-operative would have had the option to challenge the decision at the High Court. Obtaining planning permission at the earliest stage within the process is preferred as it dramatically reduces associated staff costs.

"The ELC's applications [are] by some way the most carefully prepared for either an agricultural and/or low-impact dwelling I have considered."

Daniel Scharf, MA MRTPI, chartered planner with 30 years' experience

Risk: Refusal of planning consent

Including: initial planning application refused, necessitating appeal process; appeal refused, necessitating recourse to High Court; possibility of total refusal of planning consent.

We plan to mitigate this risk through working to reduce the likelihood of adverse planning decisions at all stages of the process. This approach will govern the whole of our application process, including:

- Opening dialogue with stakeholders, local and otherwise, and with the planning authority early in the process, through personal contact and presentations;
- Addressing concerns raised by stakeholders;
- Ensuring that, following the high standard exemplified by our first project, our subsequent planning application documentation is strong, comprehensive and evidence-based;
- Capitalising on the success of our first project to build stakeholder trust and confidence;
- Continuing to build our brand presence and credibility through strong reporting and PR, as well as networking and co-working within the sector, to further develop stakeholder confidence; and finally,
- Through maintaining our relationships with our current planning solicitor and barrister, whose pro-bono support was invaluable in keeping costs to a minimum in our Greenham Reach planning appeal.

In the case that we are refused planning permission at appeal (or if applicable, the High Court), we can rent the site for grazing, education or eco-tourism, and in time make a second or third application. Planning policy does evolve and we can participate in local planning policy consultations. The risk such delays pose is that of locking capital away and this would be a problem for the Co-operative where capital is a constraint. If capital is not a constraint, holding onto agricultural land is not a problem unless the cost of the capital exceeds the increase in the value of the land. Multiple planning applications would add to the costs associated with developing a site although we would seek to minimise further expenditure. If it became clear that we would never obtain planning permission on a particular site then we would sell the land and benefit from rising land values.

People Risks

Risk: Failing to attract smallholders that suit our offering

The ability to secure permanent planning permission for sites initially granted a temporary permission relies on our evidencing the financial viability of our smallholders' businesses. This makes selecting the right smallholders absolutely

critical to our success. We need to attract smallholders with the skills, determination and tenacity to develop their business into a viable enterprise. We also need to attract smallholders who are interested in the wider objectives of the Co-operative; the smallholders must be amenable to the required site monitoring. They also ideally wish to be Work Day hosts and more generally be advocates for and of the Co-operative.

We will mitigate against the risk of attracting incompatible smallholders through the following measures:

- Through developing a rigorous selection process, including defined selection criteria and involving the input of sector experts;
- Through expanding of our already considerable network of contacts and supporters, ensuring that our opportunities are widely publicised within the community;
- Initiating relationships with key groups of potential smallholders, such as with Soil Association Apprentices and Kindling Trust FarmStart Growers and inviting them to work alongside us at Work Days and in the office; and
- Continuing with our programme of volunteer work days, enabling us to build relationships with potential smallholders.

Risk: Failing to attract and retain suitable staff

The Co-operative's success to date has been primarily due to the hard work and determination of a small team of highly committed individuals. As we expand, it is crucial that we attract new staff who share our collective vision and who are similarly inspired by and committed to the project. We also need to maintain a staff and Board with a balance of skills, experience, and availability which ensures that our business has the right leadership and operational components to be a robust and sustainable organisation. A failure to attract and retain suitable staff members and successfully share and utilise the experience gained by our current team would impair our ability to deliver the plan outlined in this document.

Through this business planning process we have redefined staff roles and identified necessary changes that are to be made to the Board and to decision making and lines of responsibility. These changes allow us to far more clearly communicate the work of the Co-operative to potential staff and Board members. We have carefully paced our projected rate of expansion to allow sufficient time for staff induction. We have also drafted a recruitment strategy aimed at facilitating a sense of ownership in new staff, and which allows us to more fully reimburse Board members for their time.

Financial Risks

Risk: Rising land prices

Our financial modelling assumes average land costs of £8,000 per acre, rising with inflation. If land prices rise sharply the cost of smallholdings could increase, potentially compromising our objective of providing affordable land. Our model can be applied anywhere in England, so we can develop clusters in the first instance in more affordable locations where there is also demand. We can also take the following steps:

- We can seek affordable bridging loans to enable us to buy larger sites at a lower cost per acre. We would then sell the unused portion and repay the loan;
- We can proactively seek land donations;
- If we need to increase the cost of smallholdings, we can support our smallholders in developing diversified business models to increase their income. We are, for example, very aware of the additional income that can be generated from educational courses or camping; and
- We can take up any opportunities for grant funding that would either contribute to the cost of establishing new sites or to ongoing costs to the smallholders.

Risk: Failure to attract sufficient financing

Our business plan requires substantial input of shareholder funds between now and 2020. If we cannot attract those funds, the viability of our proposition would be compromised. We intend to mitigate this risk through:

- Seeking out opportunities to diversify our financing. For example, once we are granted permanent planning permission, we can apply for mortgages and release share capital for the purchase and development of new sites;
- Build long-term relationships with key potential finance partners, such as the A-Team Foundation and Esmee Fairbairn;
- Continuing to grow our brand presence and credibility, attracting new potential investors through our networks, press coverage and track record; and
- Staggering our funding drives into manageable chunks, balancing the costs of planning and implementing regular share offers with the cost of servicing shareholder funds held for long periods.

Risk: High cost of borrowing

Our business plan assumes average interest paid at 2% overall for share capital and debt financing. This is double the amount we have paid for borrowing over the last five years. A cost of borrowing higher than 2% would require us to either charge more for our smallholdings or to push back the point at which we would reach profitability. We recognise that 2% is a low rate comparative with standard commercial returns, but based on our experience to date we believe this rate to be achievable and realistic.

We will continue to seek social investors whose primary focus is on social and environmental returns, allowing us to successfully offer relatively modest interest rates on share capital. To date, gifts of time and resources have played a significant part in enabling us to keep the cost of holdings as low as possible. However, if necessary, we can offset any increase in cost of borrowing by commensurately increasing the cost of holdings. The extremely low projected price of our smallholdings in comparison with market value means that we have some flexibility in the level of our lease price before our affordability aims are compromised.

Over the long term, we will start to reduce the equity stake in the business through buying out shareholders who wish to exit using company profits, rather than investor churn. This will steadily reduce the total cost of borrowing to the business.

Risk: Failure to meet grant targets

We have set ourselves realistic grant targets per site, based on our performance to date. We will continue to develop this income stream through further developing our fundraising strategy, and continuing to build relationships with key potential funders.

Although a failure to reach grant targets would add to the cost of smallholdings by up to £10,000 per holding, and as such is to be avoided, such an eventuality would not fundamentally shake the financial viability of our model, and smallholdings would still be priced substantially under market value.

Supporters and Media

The work of the Ecological Land Co-operative has been supported by:

All Party Parliamentary Group on Agroecology

Campaign for Real Farming

Centre for Agroecology and Food Security, Coventry University

Chapter 7

Community Supported Agriculture Network

Family Farmers Association

Federation of City Farms

Fund for Enlightened Agriculture

Zac Goldsmith MP

John Hemming MP

Home Grown Community Owned

Kindling Trust

Land Workers' Alliance

Professor Tim Lang, Dept of Food Policy, City University

Low Impact Living Initiative

Caroline Lucas MP

OrganicLea

Permaculture Association

Plunkett Foundation

Jonathon Porritt

Scottish Crofting Federation

Shared Assets

Soil Association

Professor Stephen Sterling

Transition Network

"The Ecological Land Co-operative represents part of a new movement of democratisation of land ownership and we are pleased to be able to support its work."

Soil Association

"ELC is introducing the kind of farming that all the world needs – and Britain is particularly in need of. They are providing jobs. More broadly, they are helping to revive the agrarian economy that has gone missing. Finally, the kind of ecologically friendly and temporary dwellings that they are planning to site will serve as a model for a sensitive integration of agricultural workers in rural areas."

Campaign for Real Farming

"We strongly support the ELC's ambition to facilitate the growth of ecological agriculture."

Permaculture Association

"Building vibrant local economies across the rural and urban landscapes where people produce more of what they need and emit less pollution in doing so is crucial, and ELC's proposal for new agricultural worker dwellings should contribute significantly [to this effort], particularly in terms of attracting young, motivated families and boosting the local economy."

Transition Network

We've also received a range of press coverage, including the following:

- The Law of the Land, *STIR Magazine,* Spring 2015
- Helping Out Socially-Responsible Business, *The Argus,* 2 September 2014;
- Co-operative Land Sharing Projects, *Home Farmer,* 1 September 2014;
- Transition Towns and Beyond: The Ecological Land Co-operative, *Solutions,* Volume 5, Issue 1, May 2014;
- Back to the Land, *The Spark,* December-February 2014;
- Small-scale Eco Farming's New Hope, *Transition Free Press,* Winter 2013;
- Food Glorious Food, *Resurgence and Ecologist* magazine, November/December 2013;
- Planning Victory for Smallholders who Need to Live on Site, *Smallholder Magazine,* July 2013;
- Some Great News from Devon, *Small Farm Future,* April 2013; and
- The Ecological Land Co-op, *Permaculture Magazine,* October 2012.

"In the UK, the high cost of land is a prohibitive barrier to land-based ecological livelihoods. The Ecological Land Co-operative is pioneering a new model to overcome this barrier."

Resurgence and Ecologist magazine



Ecological Land Co-operative Smallholders on site at Greenham Reach, 2015

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