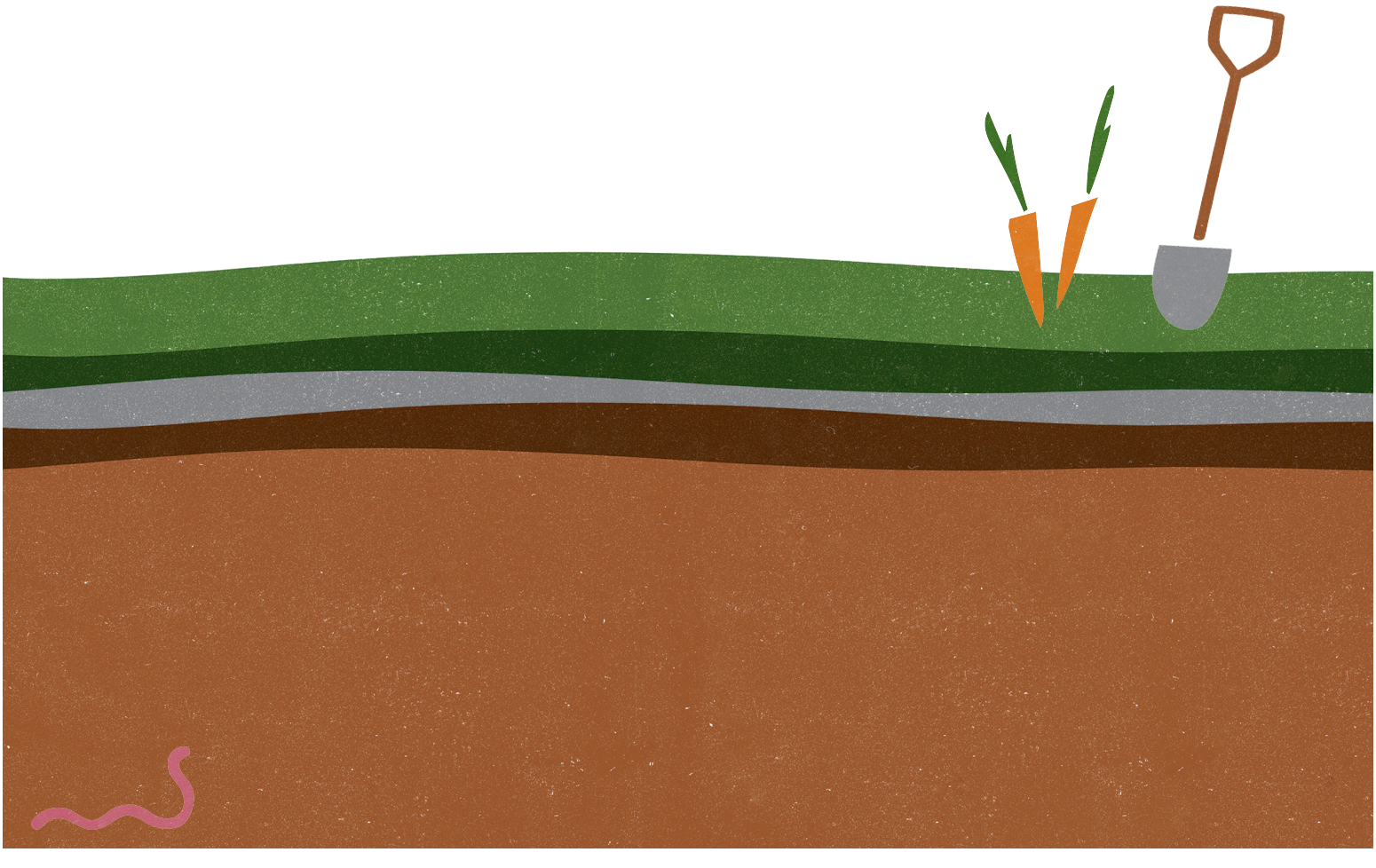
Ecological Land Cooperative

For a living, working countryside

Business Plan Update 2017-2020



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Co-operative enterprises build a better world

The original 2015 – 2020 Business Plans was prepared with the support of and thanks to: The Big Potential, Eastside Primetimes, SE Assist, the Charities Aid Foundation and the Plunkett Foundation.

Executive Summary

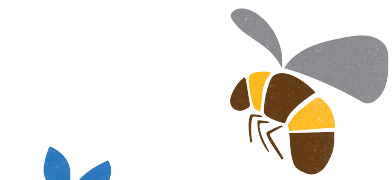
In 2015 we carried out a comprehensive business review and planning exercise out of which came the 2015 – 2020 Business Plan, operationalising our vision to create around 20 new small farms – ecological smallholdings – between 2015-2020.

This document is an update to that plan for the period 2017 – 2020 with a review of our progress to date and updated financial projections. Our model remains the same with our holdings protected for ecological use, and providing rural employment, local food, and crucially, affordable access to land. We have been able to measure the social impacts of our work and show that 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 update to the business plan sets out what we have achieved so far and how we will continue to meet our goals.





Vision and Objectives

The Ecological Land Cooperative was set up to address the lack of affordable smallholding sites for ecological land-based livelihoods in England. 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 an 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 affordable 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 off grid 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 Cooperative retains the freehold on each smallholding in order to protect it for affordable agricultural and ecological use 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 cooperative vision of
land ownership and land use.



The market garden at Steepholding

We support models of land use that make land work for people and the environment. Unfortunately we repeatedly see new entrants to farming struggle to secure access to land, planning permission, or start-up finance. The Ecological Land Cooperative have an excellent strategy for helping new entrants overcome all of these. Their model will get more land into productive, ecological management."

Kate Swade, Director and Tom Kenny, Research & PolicyOfficer, Shared Assets

"It's not easy getting into farming for the first time, or making it profitable whilst caring for the land in both a productive and ecologically sensitive way. Land is expensive, affordable rural housing is scarce and many landowners offer only short term tenancies pushing for maximum returns from tenants. ELC is tackling these problems enabling farmers to access land and make good long term decisions about how to farm for the future. They are at the forefront of revitalising the rural economy from the roots up. If you want your money to have a lasting legacy this is one of the best places to put it!" Ben Raskin, Head of Horticulture, 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 59. 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 with rural salaries lower still; and
* A 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, leaving subsidy aside, 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 to 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) often 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 cooperative 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 cooperative 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 five and nine 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 Cooperative;
- 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 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 cooperative'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 Cooperative 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 the infrastructure listed above plus a package of support which has so far included: a year of advice from a farm mentor; quarterly work weekends where our Cooperative's supporters and members volunteer on the smallholdings; and assistance with planning applications, farm business planning, and grant applications which have raised money to provide a bore hole to supplement the water supply, a wind turbine and a food preparation kitchen. The holdings were sold for £72,000 with two now purchased outright and one under a rent-to- buy agreement; on this plot the smallholders needed just £14,400 as a down payment, buying the remaining portion, with interest, incrementally over 25 years.

The Cooperative 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.

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



Franchise 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. In each case, the governing document is an agricultural lease with a 150 year duration but with restrictions on transfer to maintain affordability. This combines incentives to make long term investments that are permanently embedded in a local, cooperative economy. We have developed three tenure options, so that prospective stewards have a model well suited to their circumstances:

* **Initial premium**: An initial lump sum is followed by small service charges. This model suits smallholders with some savings or existing property equity. The Cooperative 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, two of our three existing smallholdings have followed this model.

* **Twenty five year investment scheme:** This model involves a much reduced premium (typically 20%), followed by a low monthly charge during the first five years, then a higher charge for a further twenty years; after which only service charges are payable.

  This suits smallholders who want the security of a long-term leasehold, and have a reliably profitable farm business model, but who lack the capital to buy the lease outright. If the smallholder wishes to transfer the lease to someone else during the twenty year period, they can withdraw a portion of the payments made to date, reflecting the value of the work they have done establishing the holding. The Cooperative benefits from this tenure model as it allows us to consider a wider pool of applicants. To date, one of our three smallholdings have been sold with a twenty five year investment arrangement.

* **Ongoing monthly charge** with risk sharing: We have not yet offered our smallholdings with fixed monthly charges but we plan to do so within the period covered by this business plan. This is the most accessible option, of interest to those looking for a first experience of managing a small-scale sustainable farming enterprise without being 'locked into' higher payments, and/or without the savings or access to capital needed to pay an initial premium. An element of the monthly charge is variable to allow for farm businesses to pay more or less depending on their profitability. The Cooperative benefits from this tenure model as it gives us a long-term source of regular income. Typical 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 Cooperative 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 cooperative 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.

Smallholder Selection

In 2016 we carried out an open online survey to find out more about the needs and expectations of potential smallholders. 277 individuals and families responded to the survey identifying themselves as people who genuinely want to start their own ecological farm business and answering a wide range of questions about their current situation, their income and means, their experience and the type of business they would like to set up. 23%, or 64 people, indicated that they would like to set up their business within one year. 66% of respondents were between 25 and 44 years old and 63% were couples, 50% of which had children. Over 150 of the respondents had farming experience with 23% working in farming for over 5 years.

The information generated by this survey will enable us to plan for the needs of future smallholders and we will carry out focus groups in 2017 to assist us in developing a smallholder selection process that will find the right people and small farm businesses for our sites.

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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 Cooperative:

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 (above) 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

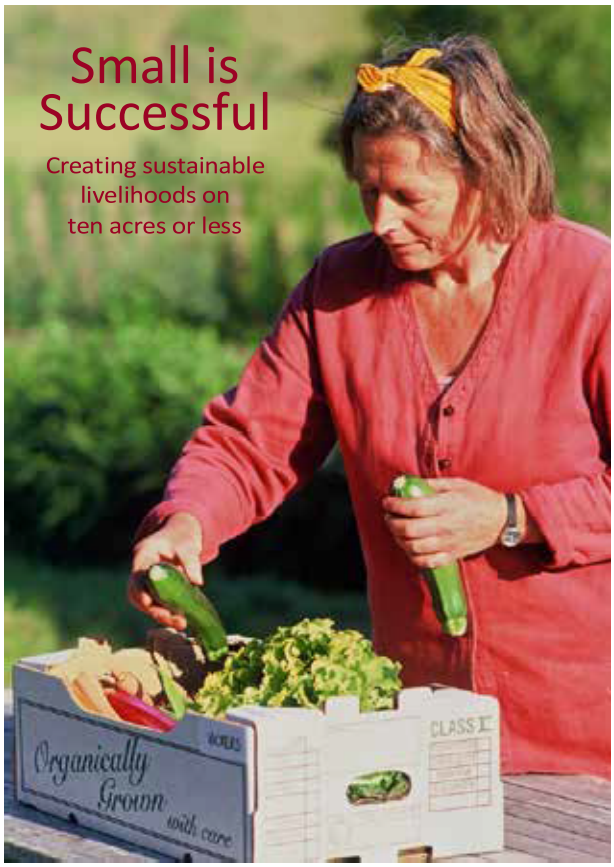
It is critical that our smallholders are able to run financially sustainable businesses. Financial viability is a significant issue for small-scale ecological producers as with all new businesses; of note is the fact that half of new businesses fail in the first five years across all sectors.

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. Years 1, 2 and 3 monitoring reports 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 Cooperative will work with them to get back on track. If the smallholder is not willing or able to address the breach, the Cooperative has the ultimate recourse of requiring the smallholder to sell the smallholding back to the Cooperative, to be used by another.



Apple trees at Steepholding

Site Selection and Acquisition

We have successfully purchased our second site of 18.5 acres for developing into ecologically managed smallholdings in Arlington, East Sussex. We are now seeking planning permission to develop the site into a new cluster of three smallholdings. As we go to press we have also identified a number of potential sites for our third purchase as part of our work to create around twenty ecological smallholdings between now and 2020.

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 geographical catchment gives us scope to select from a large pool of possible land 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. We are also keen to seek out subsidised or donated land and will make this part of our work going forward.

Arlington, East Sussex

Our second site is an 18.5 acre field on the southern edge of the East Sussex village of Arlington in the Weald. Previously rented for maize production, we are proposing that the field be used for three ecological horticultural or mixed holdings. The site is well positioned to markets, with three local weekly farmers' markets and a host of local tourist businesses to supply into. It is just over 2 miles from the A27, connecting the site to Lewes, Brighton and Eastbourne.

We have held two community meetings to talk with local residents about our proposed development. We have been met with both support and naturally, concerns. Concerns so far have predominately been that of the visual impact of the residents' temporary accommodation. We were invited into discussions with Arlington Parish Council who have asked us for some additions and changes to our plans, most of which we're happy to say we've been able to accommodate.

We have now submitted our planning application and are awaiting the outcome of the decision making process. More information about this process and updates on our progress can be found on our website:

www.ecologicalland.coop



A map of the field south of Copyhold Cottages, Arlington

"Nothing would transform Britain's and the world's fortunes more – very much for the better! – than land reform; use of land for the public good, and the good of the biosphere; transfer of ownership and control from corporates and far-flung landowners, to communities.

Above all, this would allow us to re-create a form of farming – "Enlightened Agriculture" – designed expressly to provide us all with good food, without cruelty or injustice or destroying wildlife; farming that requires a reversion – in modern form! – primarily to small, mixed, low-input farms, answerable to local people. This requires a whole new generation of farmers who think like farmers, and don't treat farming simply as big business. The social, nutritional, gastronomic, environmental - and in the end financial - advantages would be huge. In Britain, the Ecological Land Cooperative is seeking, bit by bit, by democratic means, to bring about the necessary reform. Here truly is an opportunity to invest for everyone's benefit, now and – especially – for the long-term future."

Colin Tudge, Real Farming Trust, March 2017

Organisational History

We are the only organisation in England to offer affordable residential smallholdings for ecological land users. Over the last ten years our cooperative has developed a unique model for producing smallholdings and protecting them for ecological agriculture and affordability. Our first cluster of smallholdings continue to develop into successful farm businesses and we have applied for planning permission for our second cluster of three affordable, ecologically managed smallholdings.



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 is well maintained and has received positive feedback from organisations including Funding Enlightened Agriculture (FEA), Garden Africa, Organic Lea, and the Permaculture Association. It 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 agro-ecology movement.

We have gained recognition as a successful and innovative social enterprise. In addition to UK Research Council's commendation of our 2011 report Small 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 Structure

Legal Structure and Membership

Our Cooperative is a membership organisation: on joining, members become part of the group of people who collectively own the Cooperative 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 Cooperative is registered with the FCA (Financial Conduct Authority) as a community benefit society (registered number: 30770R).

Ours is a multi-stakeholder Cooperative. We have three types of membership each of which share a proportion of voting rights:

* **Investor Members** have invested money in the Cooperative, share 25% of voting rights and receive returns on their investment. We currently have 119 Investor Members holding £338,312 in shares.
* **Worker Members** are those people that work for the Cooperative. 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 eight 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 often do not have the time to both run their smallholding and serve on the Board of Directors. This category of membership was designed principally for the Cooperative's smallholders but can be applied for by qualified ecological land users who do not farm one of our smallholdings. We currently have 22 Steward Members.

We have a high level of member involvement and participation. AGM turnouts are typically good, with 20% of members attending in 2016.

Members have historically been involved in producing our annual social accounts, and 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.

We have a strong team of directors and staff. You will find out more about them in the following pages.

The Cooperative uses contractors for financial examinations, ecological surveys and footprinting, and to provide advice to smallholders. We are also supported by volunteers, including researchers who maintain the agro-ecology resources on our website.

Living Lightly

At £13.29 per hour the Cooperative pays all staff over the living wage. All staff are paid at the same rate, and wherever possible, we seek consultants who are willing to work at this hourly rate.

A practice of living lightly is embedded into our organisational culture: we seek to minimise our impact, for example through selecting train travel over private car use, and sourcing green electricity. Where possible we support other cooperatives and organisations who have high standards in social and environmental responsibility. We produce annual social accounts which can be found on our website:

www.ecologicalland.coop

Directors and Staff

Skill, Experience and Passion

Our Cooperative devolves the day to day running of the organisation to the board of directors and the staff team. This team has a wealth of talent, experience and commitment relevant to the work of the Cooperative.

Executive Board Members



Zoe Wangler
Director - Planning
Zoe's work focuses on the key business development function of making planning applications, taking in all aspects of the process from community consultation to understanding the nuances of planning law relating to low impact developments. Zoe's groundbreaking work for the Cooperative has been commended by many. Zoe has previously worked as a freelance environmental researcher with clients including Friends of the Earth, the Food Commission and the National Consumer Council.



Oliver Rodker
Director –Site Development
Oli's spends much of his time looking for suitable land for low impact developments. Oli is embedded in the UK land movement and is a key member of the Landworkers' Alliance. Over the last twenty years Oli has worked on a variety of projects and environmental campaigns. He 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 specializing in woodland management and tree planting.



Cate Chapman
Director – Outreach
Cate's works to build and maintain our relationships with a range of organisations to ensure we are connected to others who can inform and support our work. Cate has previously worked in the student union movement and brings a wealth of experience from her freelance work as a copy writer and editor. Cate has had her own writing published in several books and anthologies.

Non-Executive Board Members



Alex Lawrie
Director - Smallholder Liaison
Alex is a cooperative 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.



Holger Westphely - Treasurer
Holger is one of the co-founders of Eastside Consulting, and works at the Charities Aid Foundation where he has advised hundreds of social organisations over the last 10 years on finance, strategy and business planning. More recently Holger has focused on social investment and impact measurement, helping clients demonstrate their impact to investors and commissioners.



Dave Darby - Chair
Dave is director of Lowimpact.org. He is passionate about living lightly on the earth and brings a long term vision of the potential to create lasting change in the way we live.

The Finance Committee

The Cooperative's governance also includes a Finance Committee, with primary responsibility for accounting decisions and financial monitoring. Zoe Wangler, Holger Westphely, Cate Chapman currently sit on the Finance Committee.

The Staff Team

Another area where we have successfully implemented the 2015 plan is in developing our staff team to meet the challenges of growing our organisation. Working alongside our directors, we have a talented group of part-time staff supported by a full-time operations manager.



Sonia Sinanan
Operations Manager

Sonia is responsible for the day to day running of the Cooperative. She has over 25 years of experience in operations, administration, financial and project management, communications and IT in the not-for-profit sector, and has worked at a senior management level for the last 15 years. She has worked collectively in a number of organisations, has co-founded a successful charity where she was director of operations for 10 years, a trustee and board chair. Sonia has also worked at Comic Relief, and was deputy CEO at the Association of Charitable Foundations.



David Saunders
Arlington Site Manager

David is an experienced land manager and timber building enthusiast, working in Sussex. He works closely with Zoe to progress work at our Arlington site. David has pioneered many small woodland initiatives in his time and is well connected with landowners, contractors and builders with an interest in sustainable development, both in the UK, and elsewhere in Europe. As well as owning and managing 20 acres of woodland near Lewes, David also lectures at Plumpton College, University of Brighton.

"I think it's a very good model. I think it's worked in the Devon example, Greenham Reach… and thanks to the efforts of the ELC team… that's another thing that impressed me about ELC is how competent and good the team are. And I was impressed with their professionalism, their drive and their vision."

From an interview with Paul Lovatt Smith, Smallholder and ELC Investor



Johnny Denis
Funding Support Coordinator

Johnny has about 30 years' experience in starting and supporting co-ops, social enterprises, projects and programmes in the community and public sectors. Johnny is a 2016 Fellow of the Finance Innovation Lab and Board Member and Manager of The Fuel Co-op.



Lauren Simpson
Communications

Social media enthusiast and documentary film producer, Lauren produced the acclaimed independent cinematic documentary Just Do It - a tale of modern-day outlaws released in 2011. As well as her role with the Cooperative she works as the Office Manager for The Bureau of Investigative Journalism and as Production Manager at Dartmouth Films in London.



Phil Moore
Communications

Phil is passionate about communications. A former staffer at the Ecologist Magazine, he has written for many publications including Permaculture Magazine UK. A documentary film-maker, Phil has also worked for a number of organisations including ActionAid, The Environmental Law Foundation, The Environmental Justice Foundation and the Sheffield Documentary Film Festival. Phil, alongside Lauren, produced the free to view online series, Living with the Land.

Smallholders

We have a waiting list of over 250 people who have expressed a serious interest in becoming stewards of our low impact, ecologically managed smallholdings. This makes us even more determined to fulfill our mission to provide 22 farms by 2020.

Plan for Growth

What we have delivered is set out in the previous pages of this plan, but what remains 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 Cooperative 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 cooperative 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.

2017 –2020 Plan

In order for our cooperative to be financially viable in the long term, we must increase the rate at which sites are produced. This is because the cooperative 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 cooperative and affordable sites.

Proposed Site Development 2016-2021

	Site 2	Site 3	Site 4	Site 5	Site 6	Site 7
Year of Purchase	2016 (purchased)	2017	2017	2018	2018	2019
Year of Sale	2018	2019	2019	2020	2020	2021
Number of Smallholdings	Three	Three	Three	Five	Three	Five
Proposed 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
Projected 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
Projected 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	



Site Development Timescales

We 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 strategy includes the development of eleven smallholdings for rent to allow the Cooperative to establish a steady income to cover core costs. We plan for sites three and five to create 8 rental sites. With this regular income the Cooperative 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 Cooperative has successfully restructured the staff team and now has the equivalent of three full-time staff members across a team of eight part-time and one full time workers.

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

Individual directors are currently responsible for distinct areas of the Cooperative's work: Outreach to our partner and supporter organisations; Site selection and development; and community consultation and planning applications.

Budget for Staff

	2015	2016 (MA)	2017	2018	2019	2020
Existing Staff (2015)	32,697					
Operations Manager		4,767	28,660	28,947	29,236	29,529
Finance Manager		3,962	300*	300	303	306
Communications		8,829	9,628	9,724	9,821	9,919
Site Management		2,860	11,464	17,368**	17,542	17,717
Smallholder Support		2,539	1,926	3,891**	3,930	3,969
Fundraising Support		2,937	6,419	6,483	6,548	6,613
Smallholding Development		19,623	31,526	31,841	32,159	32,481
TOTAL	32,697	45,517	89,923	98,554	99,540	100,535

*Financial management is currently being carried out by the Operations Manager,

**We anticipate the site management needs will increase as will smallholder support as we manage more sites.

Introduction to Financial Projections

We have updated our Business Plan for the period 2017-2020 to reflect our experience of the last two years.

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 detail.

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 the share capital and secured and unsecured loans we need by 2020.
- 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 24 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:

	2017	2018	2019
* Non Capitalised Staff Costs	63,268	63,900	64,539
Office Costs and Travel	7,500	7,800	8,100
Professional Fees	6,000	3,000	3,000
Loan Interest and Bank Charges	300	320	350
Depreciation	250	260	270
Non-Staff Contingency	600	700	700
Total Operating Costs	77,918	75,980	76,959

* 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 Cooperative are based on delivering the sites set out above and using the site costs and overheads given.

As each new site requires around 24 months to deliver, we do not see profits in the next two years (2017 and 2018) as investment is made and
overheads incurred. After the next sites are sold (in 2018) we no longer make a loss. As the number of smallholdings increases, and with them 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





Profit and Loss

	Actual	Management Accounts	Projected			
	2015	2016	2017	2018	2019	2020
Revenue						
Grants and Donations	9,281	54,067	25,000	50,000	55,000	60,000
Rental Income	6,679	4,872	3,516	5,236	15,156	38,276
Management and Monitoring Fees	1,361	1,361	1,361	4,546	7,333	9,869
Leasehold Sales	0	0	0	330,000	330,000	330,000
Other Income	482	1,896	1,000	1,000	1,000	1,000
Total Revenue	17,803	62,196	30,877	390,782	408,489	439,145
Direct Costs						
Land Purchase	0	0	0	131,486	145,000	155,000
Transaction Costs and Infrastructure	12,500	675	0	108,693	81,693	81,693
Staff Cost	0	7,101	15,644	15,800	35,001	35,351
Other Direct Costs	8,312	1,887	1,000	3,000	3,000	3,000
Total Direct Costs	20,812	9,663	16,644	258,980	264,694	275,044
Gross Profit	-3,009	52,532	14,233	131,802	143,795	164,101
Operating Costs						
Staff Costs (Including On-costs)	32,697	37,078	51,223	51,735	52,252	52,775
Office Costs and Travel	18,103	14,922	7,500	7,800	8,100	8,100
Professional Fees	5,098	223	1,000	1,000	1,000	1,000
Interest and Bank Charges	5,291	2,780	2,600	2,800	3,100	3,300
Depreciation	2,543	3,503	3,491	6,415	12,703	18,635
Contingency	2,574	0	600	700	700	1,000
Total Operating Costs	66,306	58,505	66,414	70,450	77,855	84,810
Operating Profit / Loss Before Interest	-69,315	-5,973	-52,181	61,352	65,941	79,291
Interest Paid to Investors		8,629	17,000	17,000	22,900	22,900
Operating Profit / Loss	-69,315	-14,602	-69,181	44,352	43,041	56,391
Loss B/F	-64,072	-133,387	-147,989	-217,169	-172,817	-129,777
No of New Leases per Year						
Sales	1	1	0	1	1	1
Rent to Buy	1	0	0	2	2	1
Rental	0	0	0	0	3	6

Balance Sheet

	Actual	Management Accounts	Projected			
	2015	2016	2017	2018	2019	2020
Fixed Assets						
Agricultural Land	9,600	148,600	448,600	701,114	652,114	257,114
Smallholdings Held for Rentals	-	0	0	0	225,693	451,386
Agricultural Buildings	20,814	19,981	19,182	58,223	135,312	208,546
Utilities	22,861	37,379	34,887	52,561	89,057	123,120
Site Development Costs (pre-sale)	34,861	56,257	70,570	93,324	60,000	60,000
Other	65,750	65,750	65,750	71,750	83,750	91,750
Current Assets						
Cash	60,535	79,517	111,605	100,000	100,000	32,589
Unsold Portions of Rent-to-Buy	115,149	57,549	57,549	233,549	409,549	585,549
Debtors	3,195	685	0	0	0	0
Liabilities						
Creditors	69,160	32,951	0	0	0	0
Loans	51,735	237,644	362,201	803,768	925,681	900,000
Total Assets/Liabilities	211,870	195,123	445,942	506,753	829,793	910,053
Shares in Issue	340,457	338,312	658,312	674,770	954,770	978,639
Appreciation of Tangible Assets	4,800	4,800	4,800	4,800	4,800	4,800
Profit and Loss Account	-69,315	-14,602	-69,181	44,352	43,041	56,391
Profit and Loss Carried Forward	-64,072	-133,387	-147,989	-217,170	-172,817	-129,777
Total Shareholder Funds	211,870	195,123	445,942	506,752	829,793	910,053
Assets/Called Up Shares	0.62	0.58	0.68	0.75	0.87	0.93
Total Number of Sites	1	2	4	6	7	7
Additional Plots	0	3	6	8	5	0
Total Number of Plots	3	6	12	20	25	25
Plots Occupied	3	3	3	6	12	20
Plots Owned But Not Occupied	0	3	9	14	13	5



Financing

We would like to raise £365,000 in 2017. Ideally at least £25,000 will be grant funding. We continue to seek grant funding and in kind donations so that we can keep the price of future smallholdings as low as possible.

Grants

Since 2015 we have been successfully in raising £25,000 in grant funding for infrastructure to Greenham Reach. We are currently making applications for the infrastructure at our second site in East Sussex. We have set ourselves the target of between £25,000 and £55,000 for each new site that we purchase and develop. We will also apply for grants which support: community businesses and services, social enterprise development, ecological agricultural, and rural skills and natural heritage.

Loans

We would like to be fully financed through shares. However, as we cannot know how successful we will be in raising all of our finance through shares we are also meeting with potential lenders to discuss loans. We have a loan facility with one charitable foundation which will allow us to continue with land purchases should we be unable to raise the maximum amount of finance through our community share offer. 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 had one ‘commercial’ loan and one charitable loan. The commercial loan is small and came through a social enterprise award, and the charitable loan interest is set at 2%. 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

Our first community share offer in 2015 successfully raised £340,000 in equity and loan finance. We will be continuing to raise the bulk of our finance through equity. In 2017 our target is a maximum of £340,000 to finance the purchase and development of our third and fourth sites.

We are reaching out to new audiences of ethical investors through the Ethex online platform as well as making deeper links with our current investors and supporters.

We currently hold £338,312 in shares from 119 Investor Members. Our intention is for Investor Members to receive a return annually as we move forwards. This has been set at a maximum of 3% in this business plan, although some members have chosen to waive this in order to further support the work of the Cooperative.

In 2015 and 2016 Investor Members received interest payments of up to 3%, with many choosing to take a lower rate of interest to further support our social mission.

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 2.5% 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 Cooperative.

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 cooperative they become a member, joining the group of people who collectively own the Cooperative 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 Cooperative 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.

We offer investors 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.



"The ELC is developing new opportunities for people to create smaller scale mixed farming systems. They add the expertise and magic that makes a possible project a successful project. We need more people to live in the countryside, to make good productive use of it, and to look after it for future generations and the other wonderful creatures we share it with. The ELC is making it happen, please support the[m]…

Andy Goldring, CEO,
Permaculture Association

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 Cooperative 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 Ecological Land Cooperative'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 Cooperative 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. Any money recouped from such land sales would be used to purchase and develop new sites for ecological smallholdings.

People Risks

Risk: Failing to attract potential 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 Cooperative; the smallholders must be amenable to the required site monitoring. They also ideally wish to be host Work Days and more generally be advocates for and of the Cooperative.

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

* Through developing a rigorous smallholder 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 Cooperative's success to date has been primarily due to the hard work and determination of a small team of highly committed individuals. As we grow, it is crucial that we attract and retain 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 team 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 to our plan.

Through this business planning process we have redefined staff roles and identified necessary changes that have been 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 Cooperative 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 pay Executive Board members for their work. Non- executive Board members receive reimbursement for expenses but not for time spent on Cooperative business.

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 2.5% overall for share capital and 2% for debt financing. This is based on our actual figures for 2015 and 2016. We are fortunate to have a number of shareholders who have fixed their rate of interest at between 0% and 2%. We also have a committed charitable loan funder who has fixed the interest rate for their loans at 2%.

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.

We have identified areas of our work which are interesting to grant funders such as supporting new entrants to farming and building local community resilience. We are also looking at offering consultancy to landowners who would like to develop smallholdings on their land and to organisations interested in ecological land management. These are ways that we may be able to diversify our funding streams in the future.

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, this eventuality would not fundamentally shake the financial viability of our model, and our smallholdings would still be priced substantially under market value.



The market garden at Steepholding

Our Supporters

The work of the Ecological Land Cooperative 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
* Funding Enlightened Agriculture
* John Hemming MP
* Home Grown Community Owned
* Kindling Trust
* Tenant Farmers Association
* Common Cause
* Action in Rural Sussex / Sussex Community Land Trust
* Small Farm Training Group
* Professor Tim Lang, Dept of Food Policy, City University
* Low Impact Living Initiative
* Caroline Lucas MP
* Organic Lea
* Permaculture Association
* Plunkett Foundation
* Jonathon Porritt
* Scottish Crofting Federation
* Shared Assets
* Soil Association
* Professor Stephen Sterling
* Transition Network
* Sustainable Food Trust
* Pannel Organics
* Sustain
* Charles Dowding

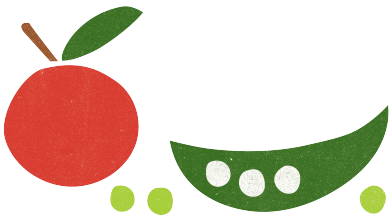
"ELC has mastered the obstacle course of starting a small farm, enabling new entrants to start a new and productive life on the land, helping them to make it pay too, the hardest part.

There are so many hurdles between finding land to farm on, obtaining planning permission, kitting out a new holding, settling into deeply rural areas and selling produce, profitably. ELC has experience of all these and has helped so many people to fulfil their dreams in an ecofriendly way. ELC are really going for it, a growing movement in every sense."

Charles Dowding

"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 the Ecological Land Cooperative'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:

Radio 4's Farming Today January 2017 in their coverage of the Oxford Real Farming Conference

Are smallholders in Britain getting sidelined? Country Smallholding, June 2016

The Future of Work', focusing on the work of the ELC. Stir to Action, Summer 2016

Ecological Land Cooperative secures second land site, Organic Growers Alliance, June 2016

Just Growth scheme funds Ecological Land Cooperative, Permaculture Magazine , April 2016

ELC featured in an article in Home Farmer Magazine, October 2015

One of our plots at Greenham Reach, 'Elder Farm' featured on ITV West Country , Summer 2015

Hope for anyone who wants a farm South East Farmer, July 2015

The Law of the Land, STIR Magazine, Spring 2015

The Ecological Land Coop's smallholders interviewed on Radio 4's Farming Today, May 2015

Land Co-op looks to create 20 small farms across England, The News Co-op, May 2015

A feature about Greenham Reach in The Independent,May 2015

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

Resurgence and Ecologist magazine



Ecological Land Cooperative Smallholders on site at Greenham Reach, 2016

"Nothing would transform Britain's and the world's fortunes more – very much for the better!– than land reform; use of land for the public good, and the good of the biosphere; transfer of ownership and control from corporates and far-flung landowners, to communities.

Above all, this would allow us to re-create a form of farming – "Enlightened Agriculture" – designed expressly to provide us all with good food, without cruelty or injustice or destroying wildlife; farming that requires a reversion – in modern form! – primarily to small, mixed, low-input farms, answerable to local people. This requires a whole new generation of farmers who think like farmers, and don't treat farming simply as big business. The social, nutritional, gastronomic, environmental - and in the end financial - advantages would be huge. In Britain, the Ecological Land Cooperative is seeking, bit by bit, by democratic means, to bring about the necessary reform. Here truly is an opportunity to invest for everyone's benefit, now and – especially – for the long-term future."

Colin Tudge, Real Farming Trust, March 2017

Ecological Land Cooperative,
Unit 204, Brighton Eco Centre,
39-41 Surrey Street, Brighton, BN1 3PB

T 01273 766 672 E info@ecologicalland.coop W ecologicalland.coop

Ecological Land Cooperative is the trading name of Ecological Land Limited, registered with the FCA under the Cooperative and Community Bene t Societies Act 2014, Reg. No 30770R.