

Business Plan
for
the Local Food Group
in
Berkshire, Buckinghamshire & Milton Keynes and Oxfordshire

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This Business Plan has been developed by T. Schiopu, current Manager of the Local Food Group in Berkshire, Buckinghamshire & Milton Keynes and Oxfordshire, referred to in this plan as the Local Food Group or LFG. The plan has been discussed among representatives of the Local Food Group – local authorities, food businesses and private sponsors, as well as with Oxford Brookes University.

The Plan presents the business case for continuous financial support from

- county and district councils in the region (£28,000 a year from all counties),
- SEEDA (£50,000 a year), matched by other income generated from commercial activities and fund raising.
- Oxford Brookes University (in-kind support - office and IT).

What They Say about Us

As LFG members, we launched our Box Scheme at OBU and have increased our income by £5,000 a year, thanks to the customer group at HHH. Not a bad return on a £100 cost!
Tolhurst Organic, Oxon

You are all doing a brilliant job!
Copas Turkeys, Berks

It's great to know that you are "out there", as we are still on a learning curve. Thank you for all your work!
Quince Products, Oxon

The Food Group instigated us to spend on staff training and certainly the financial incentive caught our eyes; it also made us realise later that we should invest more in staff training. It is a great service to Food Group members!
Doves Farm Foods, Berks

Thank you so much for the promotional support you gave to our open day. We had a beautiful sunny day and we estimate that over 150 people came.
Meadowsweet Beef, Bucks

Executive Summary

The Local Food Group covering Berks, Bucks & MK and Oxon (LFG) was created in 2004. As a non-profit Membership Association, LFG aims to promote the production and consumption of local food and drink and to increase the volume of this market in the area. LFG is recognized by SEEDA, Food from Britain and DEFRA as the lead organisation for small & medium producers, growers and processors of food and drink from within the region.

LFG is a Membership Association of Associate, Full and Patron members who contribute by annual Membership fees. The Food Forum comprising members of the public and the voluntary and community sector organisations is a free membership element of LFG.

Some of the Key Milestones in the development of the current structure were:

- Appointment of a full time Manager to co-ordinate 3-county activities (January 2004)
- Launch of the 2004-2007 Business Plan with annual turnover of £100K (April 2004)
- Launch of website www.local-food.net and Membership scheme (December 2004);
- Generation of advertising income and collection of membership fees (2004 – 2006).

LFG is governed by three Steering Groups in BBO. The greatest contribution of Steering Group members has been in their practical experience and advice as well as fundraising support with local authorities and private sponsors. LFG is managed by a full time manager, at OBU in Oxford. The last 3 years have been instrumental for the manager to acquire practical experience in fundraising and organising producer networks.

The following Activity Priorities have been set out for the period of 2007-2010:

- Trade Development
- Public Procurement
- Product Development
- Separate legal entity
- Membership Strengthening
- Research
- Education
- Local partnerships.

BBO area presents opportunities in developing the market for local food and drink to millions of consumers and tourists. Not a major manufacturing region, BBO has a significant food-processing and retailing sector. With comparatively affluent population, there is scope for many producers to add value through carefully planned marketing at a local level, retailing speciality and locally produced foods.

LFG targets several segments of the local food & drink market:

- Food & drink businesses (as Associate, Full or Patron members)
- Public and private organisations (as donors)
- The Voluntary and Community Sector (for local partnerships)
- Consumers (as Food Forum members)

LFG sells: membership packages to members (£100, £150 or £300 annual fees), advertising space in publications, food guides and management services. This amounts to 30% of total income. The rest comes from public and private sponsors.

This plan sets out the business case for:

- A new support package from SEEDA for the period of 2007 – 2010 (£50K p.a.)
- Financial support from county and district councils (£28K p.a. from all counties)
- In-kind support from OBU (office space and IT)
- a change in the current LFG structure, with OCC as new accountable body, establishment of a new community interest company and two more part time employees for LFG

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Acronyms

BBO	Berkshire, Buckinghamshire & Milton Keynes and Oxfordshire
CESHI	Centre for Environmental Studies in the Hospitality Industry
CIC	Community Interest Company
DEFRA	Department for Environment, Food and Rural Affairs
FFB	Food From Britain
FMs	Farmers' Markets
HLTM	Department of Hospitality, Leisure and Tourism Management
IOW	Isle of Wight
LFG	Local Food Group
MK	Milton Keynes
NFU	National Farmers Federation
OBU	Oxford Brookes University
OCC	Oxfordshire County Council
OISD	Oxford Institute for Sustainable Development
SEEDA	South East England Development Agency
SEFGP	South East Food Groups Partnership
TVFMC	Thames Valley Farmers' Markets Cooperative
VCS	Voluntary and Community Sector

Background

The first Business Plan was developed in 2004 for the period of 2004 – 2007 in the context of the South East Delivery Plan “Farming and Food: our Healthy Future” published in 2002. This report of the Policy Commission on the Future of Farming and Food emphasised the need for farmers to increase profitability and reconnect with the rest of the economy.

In line with the first Business Plan, the Local Food Group covering Berks, Bucks & MK and Oxon was created in 2004. LFG comprises food & drink businesses from the area and consumers who create the Food Forum. It is recognized by SEEDA, SEFGP, Food from Britain and DEFRA as the lead organisation for small & medium producers, growers and processors of food and drink from within the BBO region. Since its inception, LFG has been working on their behalf establishing contacts and building relationships with food retailers, wholesalers and foodservice companies.

LFG is a non-profit association which aims to promote local food & drink producers with a view to increasing their sales and profitability and to reconnect the public with producers. LFG is a Membership Association of Associate, Full and Patron members (farmers, growers, processors, retailers foodservice companies and distributors in the area), who contribute by annual Membership fees (126 members in 2005 – 2006). The Food Forum comprising members of the public and the voluntary and community sector organisations is a free membership element of the organisation.

LFG is currently located at OBU in Oxford, within the new Oxford Institute for Sustainable Development (OISD).

The **Key Milestones/Results** in the development of the current structure are:

- Launch of the Oxfordshire Food Group and Food Directory in 2000 (free membership, supported by Local Authorities);
- Launch of the Bucks & MK Food Group in 2001 (free membership, supported by Local Authorities);
- Production of the first 2-county Food Directory (Oxon and Bucks & MK) in 2003 (36 listings in Oxon, 88 listings in Bucks & MK);
- Appointment of a full time Manager to co-ordinate BBO activities in January 2004
- Launch of the 3-county Food Groups Federation and 2004-2007 Business Plan in April 2004 with annual turnover of app. £100K;
- Establishment of the Berkshire Food Group in July 2004;
- Launch of new website www.local-food.net (11 pages, 28 links to sponsors' sites, on-line Local Food Directory, links to all members' sites, 1500 visitors/mo)
- Launch of new Membership Scheme and Members' Pack in December 2004 (£100/yr Associate, £150/yr Full, £300/yr Patron members);
- Production of 50K 2005 Food Guides (Berks 27 listings, Bucks & MK 30 + 31 classified listings, Oxon 52 listings)
- Production of 55K Food Guides 2006 – 2007 (Berks 25 listings, Bucks & Mk 35 listings, Oxon – 66 listings);
- Production of 5K first commercial directory “Local Food for Christmas” 2006 (Berks 26 listings, Bucks & MK 42 listings, Oxon 70 listings), rrp £4.50
- The annual three-county “Local Food for Hospitality” trade show (Oxon - 2005, Bucks - 2006; Berks – 2007 tbc)
- Launch of Local Sourcing programmes with local supermarkets, Midcounties CO-OP (6 members), Waitrose – 4 national brands, 2 local, Budgens, Sainsbury's in progress;

- Launch of 5 new Farmers Markets (Windsor, Stony Stratford, Wendover, Gerrards Cross, East Oxford)
- Generation of private income from training, advertising and membership fees (£12,800 in 2004, £22,400 in 2005, £8,000 in 2006 (Apr-Sep)).

Please see a detailed review of our activities and results in 2004-Oct 2006 in the enclosed document "2004-2007 Business Plan Review". These accomplishments are paramount in securing the future success of LFG because they have led to the development of an impressive portfolio of products and services, to the establishment of a strong Membership structure and to a great amount of interest from media, the public and private supporters. The greatest accomplishment has been **increased demand for local food and drink** from consumers, schools, hospitality providers, retailers and the public procurement sector. For local producers these markets are a natural expansion route and LFG has been there to support them.

Management

LFG is governed by three Steering Groups in Berks, Bucks & MK and in Oxfordshire and is managed by the Management Team comprising representatives of the above Steering Groups, who meet on a quarterly basis. LFG is administered by a full-time manager with an office within OISD OBU. This post has been open since January 2004. The last 3 years have been instrumental for the manager to acquire practical experience in organising producer networks, fundraising and training skills and to become an organic part of the SEFGP, along with Food Group Managers in Hampshire, Kent, Sussex, Surrey and IOW.

The Manager has been successful in fulfilling a range of duties which have transformed the Food Group into a strong platform of business support and promotional services for local food and drink businesses. Some of the duties include:

- Management and monitoring of the three-year contract and business plan (£100K p.a.)
- Recruitment for work to be undertaken by consultants (web site, PR, research);
- Development of the new Membership scheme with annual fees collection;
- Identification and follow up of funding and grant opportunities;
- Promotion of the LFG through mass media and public presentations;
- Development of new outlets for local produce, e.g. supermarkets, public sector, FMs;
- Support and participation in local food fairs and shows;
- Organisation of training programmes and networking events for LFG members;
- Liaison with OISD & HLTM to explore opportunities for joint research projects;
- Representation at regional and national meetings and events as required.

See current Job Description and Resume in **Annex 2.**

Other Key People

In Oxfordshire, the LFG was launched in 2000 by a group of supporters comprising

- County Council - Susie Ohlenschlager,
- OBU - Professor John Glasson, Jane Carlton Smith, Dr Lucy Nichol
- District Councils - William Barton, WODC, Dominic Lamb, SODC, Ian Davis CDC
- Business Link – Sue Scott,
- NFU – Matt Ware
- consumers - Dorothy Cussens.

In Buckinghamshire & MK the County Council has coordinated the Local Food Group (Richard Lipscombe, Nancy Pound) since 2001.

The Berkshire Food Group started in 2004 with strong support from West Berkshire District Council and Reading Borough Council.

The greatest contribution of all members of Steering Groups has been in their practical experience and advice as well as fundraising support with local authorities and private sponsors. A list of the Steering Groups members is attached in **Annex 3**. Mr. Chris Cussens created the first website as a volunteer and is still acting as webmaster of the website www.local-food.net.

With this strong representation and support, the LFG is nevertheless currently threatened by the fact that the Manager is the only permanently employed member of staff and all the experience, knowledge and networks are concentrated in one person. The present plan sets out the case for employment of at least two more part-time people, one person as Fund Raiser/Events Co-ordinator and another for Admin/Membership affairs. This change will enable us to

- increase the amount of funds raised from local sponsors and Membership fees;
- redistribute and broaden our knowledge and skills;
- ensure continuation of LFG activities in case of resignation, sick leave or annual leave by any staff at any time.

See proposed Administrative Structure in **Annex 4**.

The Company and its Services

Our Goal: as a non-profit Membership Association, LFG aims to promote the production and consumption of local food and drink and to increase the volume of this market in the area.

In doing so, we uphold high environmental standards and provide business development and training support to all members, as well as up-to-date information to stakeholders – private and public supporters, consumers, and local businesses.

LFG **objectives** were set out in 2004 and continue to support the above goal by:

- Supporting members to sell locally;
- Promoting the benefits of food and drink produced in the area;
- Enabling as many people as possible to have access to good locally produced food and drink;
- Encouraging members to use environmentally friendly methods and practise good animal welfare.

In order to achieve these objectives the following **Priorities** are proposed for the period of 2007-2010:

Trade Development

With a strong and loyal membership pool, it is vital for the Food Group to help those members who wish to expand their businesses and develop new retailing avenues for their final produce, be it food or drink. LFG will work with independent and multiple retailers, food halls, farm shops/delis, B&Bs, restaurants, pubs, hotels, catering establishments, foodservice companies to educate them on the benefits of sourcing locally and on potential suppliers for their businesses. This activity will be carried out on a permanent basis through Trade Shows, Meet the Buyer events, networking events, store promotions and tourism projects. The current Producer Portfolio “*Quality Food from Berkshire, Buckinghamshire &*

Milton Keynes and Oxfordshire” will be reviewed with the aim to increase its effectiveness and attract more members into it. This should also generate additional private income for the Food Group. Members will be supported in their promotional campaigns and with the distribution of their produce. In this, it will be very important to learn from current members who have solved their distribution dilemmas and encourage service co-operation among various local suppliers. A database of local distributors and wholesalers will be put together and made available to anyone wishing to reduce distribution costs. The annual 3-county Trade Show will continue, with a wider remit, attracting not only hospitality providers, but also – retailers, food halls and public procurers. LFG will also support and participate actively in the delivery of the South East Trade Development programme, as developed by SEFGP.

Public Procurement

LFG will be part of the delivery team of SEFGP South East Public Procurement Strategy for 2006-2008. In doing this, LFG will support members who are interested in supplying to the public sector by providing advice & assistance with audit and quality assurance standards required by public sector institutions, providing financial & practical support for new product development, encouraging collaboration between producer-controlled businesses and co-operative ventures and introducing willing suppliers to interested public sector buyers. Local catering staff shall also receive support through training, workshops, promotions & supplier visits and through events and activities which promote the uptake of local food and stimulate further demand. Most of these activities will be carried out on regional level within SEFGP and LFG will ensure that BBO members are well represented and assisted.

Product Development

The 2006 Membership Survey revealed that 56% of our members are processing primary products into value added final or semi-final products. A lot of the primary ingredients are of own production, however a lot of ingredients have to be sourced from elsewhere, ideally – from other local or regional primary producers or distributors. In order to increase the value of locally made food & drink, and shorten the food chain, LFG will help members to maximise their local sourcing by meeting and knowing of all potential local suppliers. This activity will be carried out both via communication channels and promotional campaigns, and through networking and Meet the Buyer events, both locally and among other food groups in the South East.

Food Group Identity

A feasibility study is being carried out with the aim to establish a separate legal entity for LFG, potentially as a Community Interest Company, to be launched in 2007. At the same time, launch of a self-auditing LFG brand scheme_“Flavours of the Thames Valley” (tentative name) will help to raise awareness of quality food & drink from Berks, Bucks & MK and Oxon and offer members an additional service by using the brand in their services and products. The new company will make it possible to streamline fundraising and will offer an exit strategy for the Food Group in 2010. All members and stakeholders will be consulted and involved in this activity.

Membership Strengthening

LFG Membership pool will always be a vital feature of the organisation and ascending numbers and trends can only prove the value a Local Food Group brings to its members. Thus it is paramount and we shall work to:

- Continually promote LFG for potential members at events, in media, and through our publications;
- Provide bespoke membership services to current members in order to keep them happy and meet their actual needs. LFG in essence provides a helpline specialist service and signposts producers to competent third parties for info, training and advice. This is done through Newsletters, e-updates, by phone, in individual meetings and most importantly – in our Networking events.

In future, with some administrative support, LFG should offer coaching and counselling to businesses through a network of well tried and tested advisers who can coach on business development and business planning. The upgraded website www.local-food.net will also offer more information related to distribution channels and business development.

Local Food Directories

Production of local Food Guides, including themed issues (Christmas, Easter, calendars) shall continue on an annual basis. These will be primarily for sale, at reasonable prices in order to at least fully cover the production costs.

Research

Specific research and pilot projects, for example on establishment of local food hubs, mapping of the current local supply volumes and trends, public procurement, hospitality and tourism will be carried out in partnership with University and other research centres when specific funding is available.

Education

Education of the wider general public including children will always be a very important task, given the fact that members expect the Food Group to primarily “promote the benefits of local food & drink to the public” (from 2006 Members’ Survey). This will be carried out through our Food Guides, widely distributed in the area and also in specific area projects and events organised in schools, colleges, farmers markets with the participation of our members. A lot is happening already, with individual members working with their local schools on a long-term basis. It is important to collate this information and acknowledge those members who dedicate their time and efforts to the future.

The 2007 “Year of Food and Farming in schools” will make a positive contribution to the Strategy for Sustainable Farming & Food and will give a clear focus to a wide range of national and local activities and provide a framework for existing initiatives to be made more widely known to teachers and young people. During that time we should see increased links between schools, farmers and food producers that will extend beyond the ‘Year’.

Partnerships

In order to take further the message of benefits of local food & drink and to maximise our promotional efforts and members' services, synergic partnerships shall be developed with local organisations who have a similar remit: TVFMC, Slow Food, Oxford Inspires, BigBarn web infrastructure, Bucks Rural Affairs Group, Tourism South East and with local magazines – The Foody, Berkshire & Chilterns Life, Cotswolds Life, Oxfordshire Life.

The Industry - Food & Drink in the BBO area

Berkshire, Buckinghamshire and Oxfordshire, as part of South East England, present a range of opportunities in developing the market for local food and drink to BBO and London's millions of consumers and meeting tourism and recreational demands. The fact that the rural South East has a population of 2 million and is the base of 100,000 businesses makes it economically very significant.

The South East of England contributes about 16% of the UK's gross value added and supports 13.6% of the population by providing 3.7 million jobs. The average farm size is 57ha with almost 70% of the farms being less than 50 ha. Farms have been under extreme pressure in recent years and farming incomes have been deteriorating for a number of reasons including food scares, global agricultural commodity prices, and rising costs (*Source: Farm Business Survey Financial Results for Harvest Years 2003 & 2004, University of Reading*). As part of South East England, the BBO area is not a major manufacturing region but has a significant food-processing sector. Mainstream food retailing has also a major presence in the region, in the form of supermarkets, independent stores, farm shops, butchers and delicatessens.

With comparatively affluent population, there is scope for many producers to add value through carefully planned marketing at a local level, retailing speciality and locally produced foods. Supported by the Local Food Group, the number of local food businesses continues to grow. The South East Food Groups Partnership covering BBO, Kent, Surry, Sussex and IOW has now in excess of 700 business members, of which 135 are members from BBO.

The Target Market

LFG targets several segments of the local food & drink market:

1. Food & drink businesses
2. Public and private donors
3. Consumers
4. The Voluntary and Community Sector (VCS)

Each of the above target markets has an active interest in local food & drink and have specific expectations from the Local Food Group.

Food & Drink Businesses

Food & drink businesses may become LFG members if they are: based within the BBO area or neighbouring areas; farm, grow and/or process their food or drinks locally and most importantly – sell it through the local trade system – farmers' markets, farm gates, local shops, local caterers and local distributors. The main criterion of defining a "local food

and/or drink business” for the purposes of this business plan is to keep a high percentage of income in the local economy.

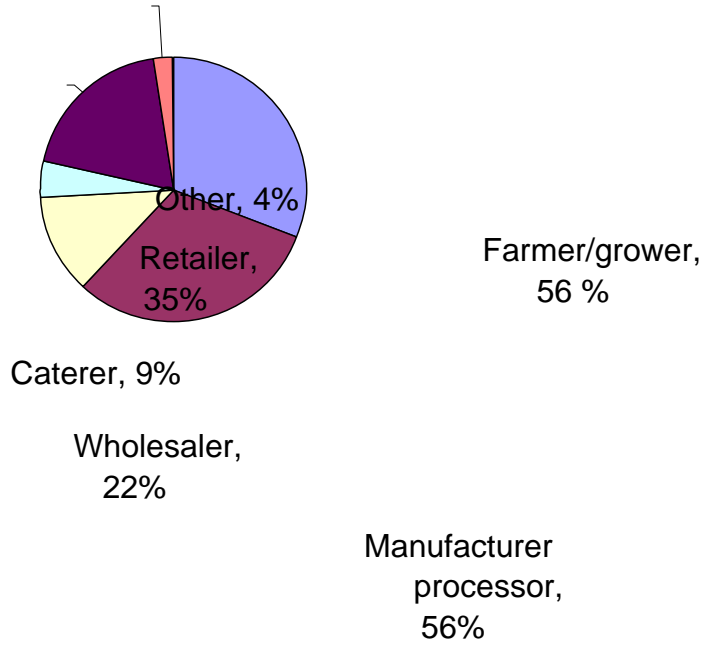
The 2006 Members’ Survey proved (see charts below) that all members-farmers (56%) will add value to their primary product ,which transforms them into manufacturers/processors (56%), before they decide on their selling avenue - either via Farmers’ Markets (53%), own shops (39%), direct deliveries, through the retail network, or other outlets shown in the chart. LFG also brings together secondary producers, such as jam makers, bakeries and cheese makers, etc who will source their primary ingredients elsewhere.

Last but not least, caterers, distributors and wholesalers make a smaller but important part of membership pool (app. 9%).

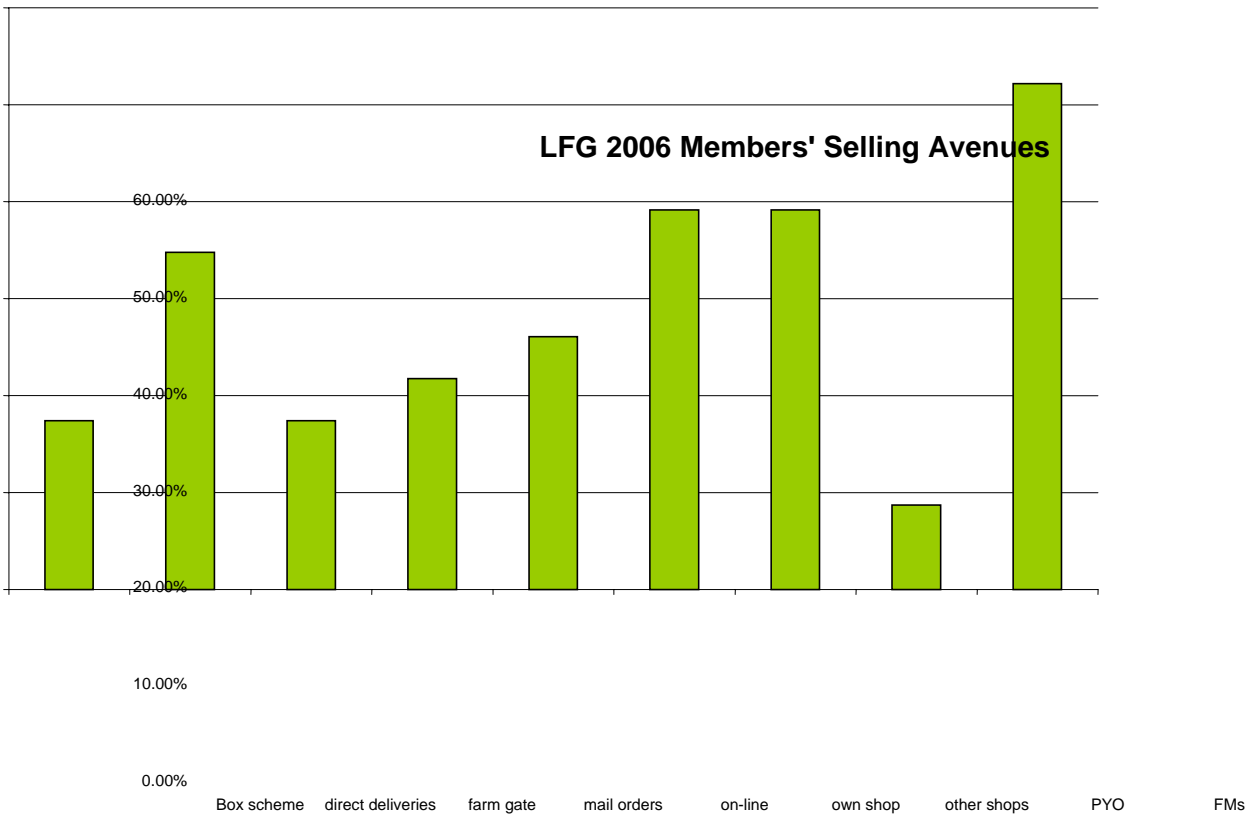
More than half (56 %) are small holdings of up to 300 K annual turnover with less than 11 staff members, and only 4% members have a turnover of over 1M annually. The results of the 2006 members’ survey confirmed the fact that the Local Food Group is **needed to cater for micro, small and medium businesses** which are willing to diversify and that Members’ main expectations from the Food Group are related to support with marketing, training, business development and networking. A summary of the survey results is in [Annex 5](#).

Benefits that members receive, i.e. free listing in the annual Food Guide, subsidized training, free marketing advice and promotion are listed and explained in their Membership Pack. A summary of those benefits is in [Annex 6](#).

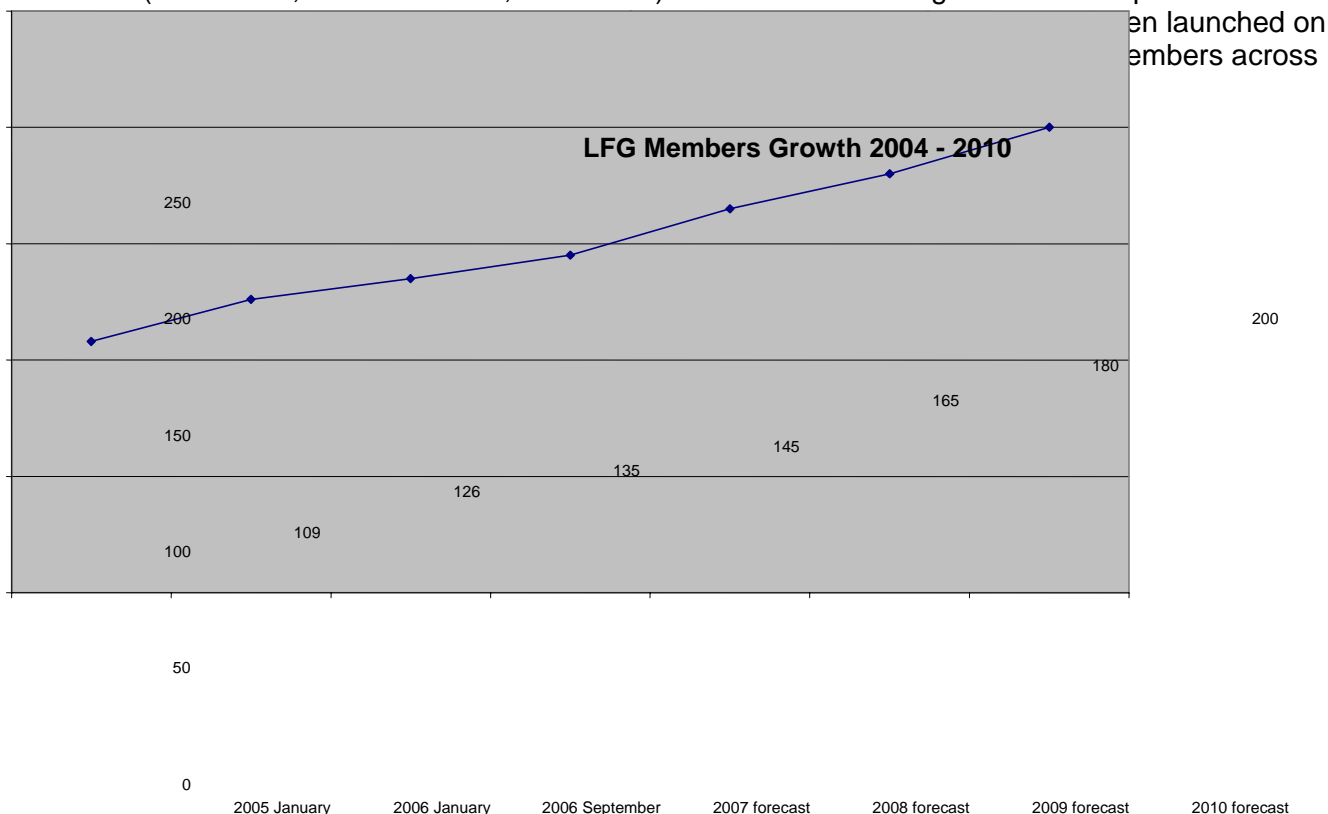
LFG 2006 Members' Business Types



LFG 2006 Members' Selling Avenues



The number of active members varies from year to year with a tendency to increase at a rate of 13-15%. In 2005, when membership fees were introduced first time, there were 109 active members (Berks – 27, Bucks & MK 30, Oxon – 52)) and in 2006 - 126 members (Berks – 25, Bucks & Mk 35, Oxon – 66). At the time of writing this business plan there are



Public and private donors

Local authorities, as the main sources of local financial support, are committed to maintaining the social and economic vitality of their rural communities, as well as safeguarding the local environment. Many are also now introducing into their procurement policies a requirement to procure sustainable produce from local suppliers whenever possible.

The work of the Local Food Group links in with many different policy areas and so enable local government to meet national priorities whilst also focusing effectively on local needs, in order to improve community health and well-being. These areas include Local Area Agreements and strategic partnerships, social inclusion, Local Agenda 21, enforcement and regulation, and community education. LFG pulls together the thinking, research, good practice in the area, around the “local food & drink” topic, to make more efficient use of LAs’ resources. For example, LFG works with the partnering LAs to deliver specific actions related to:

- Awareness of the components of a good diet
- Implementation of the 5 a day campaigns
- Supporting caterers in providing local food & drink
- Spreading messages for special groups – children and their parents, teachers
- Promotion of healthy eating in schools and further education
- Promotion and encouragement of the highest standards of food hygiene

- Improvement of access to 'healthy' food

Specific objectives, such as Farmers' Markets are also part of LAs remit. FMs have and will be supported by LFG, not just by prime-funding but also, by training and business development support and on-going exchange of information and experience among participants.

Another area of collaboration is the work done by LAs under Town Centre regeneration objectives. Many towns have now local regeneration partnerships with LAs to help revitalise the local economy of the town and surrounding area. The relationship between Market Towns and local food economies vary considerably but it is clear that there are benefits in approaching support for local food and market town regeneration together. This requires an understanding of how local food works in the area and the role of the Market Town in these relationships. A toolkit "Market Towns Local Foodcheck" developed by Action for Market Towns is now available and LFG would be well positioned to help carry them out when specific requests and funding are available. Another toolkit "Local Food for Local Shops" developed by LFG in 2005 is also available in support to town food & drink shops.

The Voluntary and Community Sector (VCS)

Many local organisations are also targeted by LFG because with their support promotion of local food & drink can be taken further. Such organisations as Bucks Rural Affairs Group, Oxfordshire Play Bus, Rural Community Councils, Reading Local Food Network, Healthy Living Initiatives, Oxford Inspires are encouraged to become LFG Food Forum members, along with consumers, and benefit from services above.

In a market with increased demand for local food & drink, where new businesses appear every day, there is also a risk of more and more **competitors** to LFG, acting as marketing and support agencies for small companies. Such organisations, as the Thames Valley Farmers Markets Cooperative also offer marketing services, promote local food & drink and encourage producers to join their networks. In this environment, however, most organisations experience lack of funds and resources and target smaller market segments, therefore rather than competing, working relationships have been established with many of them, which helps to complement objectives and activities. For example, TVFMC target only those food & drink businesses eligible to sell at Farmers' Markets in the Thames Valley. At the same time TVFMC lack training and PR funds, therefore their members choose to join both TVFMC and LFG.

Consumers

Consumers who support local food & drink and related issues can be described as the SEGOR market (Sustainable, Environmental, Green, Organic, Recycling). These are consumers who shop at farmers' markets, local and farm shops, who look for "local and/or British produce" in supermarkets, visit farm gates and Pick Your Own places. They are aware of benefits and problems of local producers and eager to support them and spread the word among their friends. Such people become LFG Food Forum members and benefit from the following services:

- Food Directories and quarterly Newsletters;
- Monthly on-line updates and e-Bulletins,
- Participation in LFG Networking Events.

However, a large part of our targeted consumers are not yet convinced of the benefits and economics of buying local food, hence LFG's objective to "enable as many people as

possible to have access to good locally produced foods". With the support of Food Forum members, LFG educates the public, children, school teachers and parents.

Selling our Services

Membership

LFG sells Membership Packages on an annual basis, usually in autumn. Application forms are sent out encouraging businesses to apply/renew their membership against a discount within one month. All the information is then updated on-line, with all cheques being credited to LFG account.

LFG members can choose from three types of Membership:

- Associate - £100 p.a.
- Full - £150 p.a.
- Patron - £ 300 p.a.

In 2006 LFG for the first time collected all membership fees. With discounts offered, this generated an income of £8,604. This Business Plan sets the case for a similar recruitment/renewal strategy with discounted periods of up to one month from the launch of renewal campaigns. The 2007 campaign has been launched and we plan to raise at least £10,000 in membership fees.

The 2006 members' survey revealed that 61% members consider the current fees "fair" and 70% prefer to pay their fees by cheque, whereas 30% are in favour of BACS transfers.

Advertising

LFG generates income from advertisements in annual or themed Food Guides. The 2006 – 2007 Food Guide generated an excess of £4,800 in advertising fees and a pilot 2006 Christmas Guide envisages to generate at least £2,000.

Food Guides

Additional sales are envisaged from special editions of Food Guides, i.e. "Local Food for Christmas" currently under production. This Guide in form of 24 loose cards tucked in a luxury folder, printed in 5,000 copies should make the start for a new type of Food Directories, in upmarket formats and available for sale through local shops and farmers' markets. The first issue plans to generate up to £15,000 with a profit of up to £7,000.

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"The Food Group plays a vital role in attracting new buyers and customers; therefore to charge for Food Group's products and services would mean to us a loss of new buyers..."

2006 Members' Survey

This quote expresses the quintessential meaning of the Local Food Group – we are here to help members increase their sales through more customers and we are in a position where over-commercialisation of our services may defy the very purpose of the Food Group; hence our prerequisite to develop good relationships with public and private sponsors and attract grants and public subsidies.

Grants and Subsidies

Private income generation should increase in the forthcoming years and concentrate on membership, publications and fees. However, grants and subsidies will always be vital to LFG’s ability to deliver outputs; therefore this plan sets out the case for a permanent part-time staff member dealing with fund raising.

The amount of cash support from different sponsors varied throughout the 2004 -2007 period, as the table below shows (in £ thousand):

	SEEDA	FFB	OXON LAs	BUCKS LAs	BERKS LAs	OEP	CO-OP	TOTAL
2004	40	7	20	10	3.3	2	2	84.3
2005	47.5	6	17	7.5	3.2	2	2	78.2
2006*	47.5	1	16	7	6	2	2	100
Total	135	14	53	24.5	12.5	6	6	

*forecast

Apart from above sponsors, LFG was awarded specific grants from Chilterns AONB (£2K Sustainable Development Fund in 2005), DEFRA GOSE Public Procurement funding (£7K in 2004), Leader+ (£3.2 in partnership with Plunkett Foundation in 2006), Tourism South East (£1,000 in 2005) and other.

Operational Details

LFG has been based at Oxford Brookes University since 2002, within the School of Built Environment and it has been part of the Oxford Institute of Sustainable Development since 2005. LFG is currently run by one full-time Manager, fully employed by OBU.

Financial support has been provided by SEEDA, by local authorities (District and County Councils in BBO) and by other private and public sponsors.

In-kind support (office, HR and financial management) has been provided by OBU on a sliding overheads rate basis (10% from core-funding from SEEDA, 22.5% from non-core funding from local authorities and others). This relationship was agreed upon in the 3-year contract between SEEDA and OBU, a contract which will expire in April 2007.

This Plan sets out the case for a new type of relationship between the 4 main parties – LFG, SEEDA, OCC and OBU.

OCC will be the new accountable body in the new 2007-2010 contract with SEEDA (subject to this Business Plan being approved) and will provide HR and financial management, with the Manager becoming OCC staff member. LFG will rent office space and IT facilities from OBU Business School in Oxford. A new Community Interest Company will be established in 2007 as an independent legal entity with all interested parties as shareholders, and governed by the Board of Directors.

Advantages of this new formula are as follows:

- LFG will not use OBU Cedar financial system, which is understandably comprehensive and does not allow for easy and frequent use of petty cash and small allowances in LFG activities;
- The current sliding overheads rate (10% from core funding, 22.5% from non core funding), although very advantageous compared to overall OBU rates (40%) nevertheless amounts to over 18% of LFG annual turnover (£17,440 was paid in 2005-2006). Compared to other local Food Groups running on similar budgets, this is a very high price.
- After paying office rent and a management fee to OCC (5% of grant income), LFG will save at least £6,000 which should be invested in Trade Development and Members' support services.
- Working side by side with the Business School staff members will create synergy in launching new projects, especially in trade development, food distribution, tourism and hospitality industry and will attract new propositions for management services and events.
- By setting up a Community Interest Company (CIC)¹ with its own corporate identity and brand, LFG shall create effective avenues for selling the goods (Food Guides, Membership services, advertising) and will create more tangible benefits to members and stakeholders.

Our extensive research in local and regional food groups has proved that such an arrangement is lucrative and that most local Food Groups run separate companies along with public support and subsidies. For example Hampshire Fare has been operating successfully in a similar way for 7 years, with Hampshire CC employing the Manager and

¹ CICs are a new legal format established by the Department of Trade in 2004 for people looking to set up enterprises with social objectives. The legislation which enables CICs be formed came into force in July 2005. Essentially CICs are commercial companies that compete in the open market place, but have a strong social aim.

accommodating the office whereas all grants, projects and membership funds are managed by Hampshire Fare Ltd.

Preliminary discussions have been held with:

Dr. Rebecca Hawkins, CESH, Business School OBU

Dr. Jonathan Warhurst, Brookes Restaurant OBU

Susie Ohlenschlager, Oxfordshire County Council

David Waller, Head of Strategic Policy and Economic Development, OCC

Mrs Natasha Williams, Lawyer, OBU

It appears that the OBU Business School, namely HLTM with their CESH are eager to host the Local Food Group, with OCC becoming the new accountable body and providing HR and financial management support to the Manager. Further discussions and decisions need to be made in order to launch this new set up from April 2007.

With the fondest gratitude to our current host, OISD, it has been nevertheless difficult to grow and diversify our activities, given the current Financial Office's policies and their lack of human resources to accommodate LFG needs. Moreover, previous discussions with OBU legal professionals (Mrs N. Williams) revealed that creating a new (subsidiary) company within OBU would be disadvantageous to LFG; hence this proposal for LFG to move to OCC.

Financial Forecasts

Below is a summary of LFG Financial Forecast for 2007-2010 (see details in [Annex 1](#))

Income	2007-2008	2008-09	2009-10
	Year 1	Year 2	Year 3
Carried forward from previous year	3,000	5,750	6,085
Income Generating Activities	32,350	36,725	49,250
Cash Subsidies from Local Authorities	28,000	28,000	28,000
Sponsorship & Grants (including SEEDA)	58,000	59,000	60,000
	50,000	50,000	50,000
Total Income	121,350	129,475	143,335
LESS Cost of Projects	36,900	41,290	45,019
Gross Earnings	84,450	88,185	98,316
LESS General & Admin			
Salaries & wages	50,000	52,500	55,125
Salary on-cost	12,000	12,600	13,230
Professional fees	5,000	5,250	5,513
Mgt overheads	4,300	4,350	4,400
Office rent & IT	5,000	5,000	5,000
Miscellaneous	2,400	2,400	2,400
Total G&A	78,700	82,100	85,668
Net Earnings, carried forward	5,750	6,085	12,649

The Prospects

In line with the South East Sustainable Farming and Food Action Plan, LFG shall become a strong organisation supporting local food & drink businesses in Berkshire, Buckinghamshire & Mk and Oxfordshire and will focus on the following main directions in the years to come :

1. **Sustaining and diversification** – is about how farming can remain a contributor to the rural economy and a custodian of the environment. Local farmers and growers will need to promote their produce more imaginatively to make more profitable sales and avoid supermarket price war treadmill. They need to join networks and learn about, and develop new farming opportunities. An essential task for LFG will be to co-ordinate, organise and support courses for its Members in business planning, financial management and co-operation. Supported by LFG, local food businesses should be encouraged to expand broadband use to improve productivity, competitiveness and local distribution channels. Internet can be a useful tool for small businesses to promote their businesses “on a budget” and diversify their sales avenues, through specialist websites, and virtual shops.
2. **Reviving** – small local food producers and retailers have excellent products but lack a sense of inclusion. By bringing members together and sharing activities, aiming at stirring people and things up, get food & drink producers look at things in a new way and bring about a “can do” culture, which is starting to happen. Projects that create profit from added-value food, farm retailing and catering for tourists – shall be on LFG agenda until and beyond 2010.

Tamara Schiopu
October 2006