

Growing and selling produce - a beginners guide

Produce can be grown for a range of reasons and growing produce can have a range of social benefits. For community and therapeutic groups considering selling produce, it is important to be clear about why you are doing it. Growing food for financial profit on any scale is hard work and should not be undertaken lightly! We hope that this guide will help you think through some important questions before you begin selling, give you a hand to get started and some advice about where to go for further information, inspiration and legal guidance.

Please note: For the purposes of this guide, 'produce' means vegetables, fruit, preserves and eggs.

If you are setting up a new group or project you could build in a sales element from the start. For an established community group, which has not previously sold produce, this element will need sensitive introduction, particularly if produce has previously been shared with volunteers.

A great place to start is to visit a group or groups that are already selling produce. There are a whole range of projects out there and if you possibly can, go and find out what others are doing in your area, make contacts and learn from each other.

Reasons to grow produce

- ▶ As a way of engaging with the local community
- ▶ As part of the healing process of therapeutic horticulture
- ▶ As a supported work project for people with special needs
- ▶ To educate people about where food comes from
- ▶ To demonstrate wider issues of sustainability such as climate change and carbon reduction.

A project which grows produce does not have to sell it for that process to have social benefits. See: www.foodshare.co.uk/cms

Benefits of selling produce

- ▶ Raise general funds
- ▶ Publicise your group or specific project
- ▶ Generate funds in order to help make a particular project self-sustaining.

Questions to ask yourself

If you are considering selling produce for the first time it will help to be clear on a few things first.

About your project

- ✓ What is the primary objective of your organisation? Work based training, therapeutic outcomes or community food growing?
- ✓ Are you looking for ways to specifically generate income or find a viable outlet for surplus produce?
- ✓ How does generating income fit with your objectives, especially if they are charitable? Can it support them or might it clash with them? Does your constitution permit the organisation to engage in trading activity?
- ✓ If you are not a charity, are you setting up as a social enterprise? See FAQs below for further information.
- ✓ If you intend to generate an income through growing produce then do you have enough land to do so?
- ✓ Is your 'workforce' likely to be motivated to grow produce in quantity?
- ✓ Does your lease or land tenure allow you to generate an income through sales?
- ✓ Is there an opportunity to work with other gardens/groups to share costs/resources? Eg sharing a stall at a farmers market.
- ✓ Do you have adequate staffing (expertise, staff hours) and facilities in place to support food growing?
- ✓ Does your current insurance policy cover you to sell produce?

About your market

- ✓ What is your market? Is there local community support/demand for your group and product? Have you undertaken research to see if people would pay for your product?
- ✓ Do you have a business plan?
- ✓ Will you sell your produce for profit to generate income or to support local people who may have limited access to healthy, affordable food?
- ✓ Do you want people to come to you to

buy? This will support your group and perhaps stimulate local involvement. Or will you go to them at a local market/via a box scheme?

- ✓ Do you intend to sell produce on a 'surplus' basis or try and meet all year demand? Is this feasible?
- ✓ Are you going to be undercutting other local producers because you are not-for-profit and therefore able to price products cheaper? What might be the impact of this?

Frequently asked questions

Q We produce surplus produce through our charitable work. Can we legally sell our produce to visitors/customers?

A If you are a charity selling your own produce this counts as trading income. Charities can raise funds (including through sale of produce) to support their charitable objectives - this is known as small scale trading. You can also raise upto 25% of your turnover by trading, upto a maximum of £50 000, if the income is then used for charitable purposes.

If you are a charity growing produce for sale without involving your beneficiaries in the process you need to consider how much of the site you are using as it may displace use of your site by your beneficiaries.

Trade involving your beneficiaries is known as primary purpose trading. An example of this would be a charity working with people with learning disabilities, which teaches them gardening skills, the end result of which is a quantity of plants for sale.

Income received by a charity from the sale of goods that have been donated to it is not generally regarded as trading profits, and is not taxable. See: Charity Commission guidance 'CC35 - Trustees, trading and tax'. Section C10 describes sale of donated goods.

www.charity-commission.gov.uk/publications/cc35c.aspx#11

Q How do we find out if our land is contaminated?

A See FCFCG's Contaminated Land Guidelines available to download from: www.farmgarden.org.uk/publications/135-contaminated-land-guidelines

Q How can the social enterprise model support community projects to grow and sell food?

A Social enterprises come in all shapes and sizes. Organisations calling themselves social enterprises have to be trading in some form (ie generating income through selling products and services). They are set up for social or environmental benefit and invest any profit back into their work. The term 'social enterprise' has a less specific meaning than a charity. A useful guideline given in FCFCG's Social Enterprise Pack is that what an enterprise does with its profits determines whether it is a social enterprise, rather than a specific legal structure. See **Further information** for further help deciding what role this model could play in your organisation.

Q Is the income we make from selling our produce taxable? Do we need to declare it?

A Organisations need to declare their income from all sources. Small organisations may well be below the tax threshold or exempt. www.hmrc.gov.uk

Q Does just selling by donation make it easier to comply with regulations?

A Not necessarily. It may be simpler to operate on a donations basis if the quantities involved are small. This avoids the need for staffing, pricing and complying with weights and measures legislation. However, it must be made clear that making a donation is not a requirement for taking away goods - wording such as 'all donations are gratefully accepted' would be appropriate in this instance.

Q What are the different models for selling our produce?

A There are several main ways of selling produce that need careful consideration.

Directly from site: In this instance 'the community comes to you'. This can be done in a number of ways: through an on-site stall; a help yourself donations system; on request or at an open event. On site sales can be a great way of promoting your project, stimulating local support and educating people about how/ where food is grown but it can be time consuming for staff/volunteers. Contact your local authority Licensing Officer - you may require a street traders license (see Legislation section below).

Market stall: Your project is represented at a local market or farmers market. This requires transport, staffing and often financial commitment but it can be a great way of reaching a wider audience.

Box scheme: Adopting this model requires considerable thought and planning because of the extra operational costs, including transport and staffing. Will you operate on a seasonal or full time basis? Can your project meet market demand, cover costs and make a profit?

Q We would like to sell our produce at a local farmers market. How do we get started?

A When you register with the market organiser they should advise you of any licenses you need to have in place (market license, trading standards regulations etc). For further information see the Legislation and Resources sections of this guide.

Legislation and market guidelines will vary and in some instances paid staff need to be present. When selling processed goods guidelines vary but most will specify using a certain percentage of local ingredients (the National Farmers Retail and Market Association recommends minimum about 25%).

If the cost of a stall seems prohibitive try seeking local sponsorship to cover your fees.

Q Can we sell surplus vegetables that we have grown on our allotment?

A This depends on what you mean by 'allotment'. It is becoming common to use the term 'allotment' to describe

vegetable plots of all shapes and sizes in all sorts of locations. You can describe your row of runner beans in your back garden as a mini-allotment if you like but that does not give it the legal status of a statutory allotment garden.

Statutory allotment garden sites are generally subsidised by local authorities so they should not be used as a business such as market gardening. However, many community groups work successfully on statutory and other official allotment garden sites, in co-operation with the local authority, allotment association, trading standards and other plot holders. It is important to operate transparently if you are working on statutory allotment garden sites as special legal considerations apply.

See FCFCG topic sheet 'Project Allotment' for further information.

Q We would like to sell our produce/surplus to local shops, cafe or restaurants?

A The regulations affecting non-retail sale are less prescriptive but this activity may still be subject to trading standards guidelines. Consult your local authority officer. With fresh produce the purchaser may need to prove traceability (an invoice or delivery statement) and be sure of provenance. Processed goods may need to meet food labelling guidelines.

Q Are the rules any different for selling plants and compost?

A The rules are similar to those affecting sale of edible produce and depend on how and where you wish to sell them. Contact your local authority Trading Standards Officer to discuss further.

Q How do we go about pricing our produce?

A Do some local market research and think clearly whether you intend to/need to make a profit to cover costs and want to sell to a 'premium market' or whether your primary aim is to provide affordable food to local people. Some groups report that at the start they added 10% on top of supermarket prices until they got the feel for what people were willing to pay.

Q Is it okay to sell processed goods such as jams and chutneys to the public?

A Sale of any form of processed produce is subject to tighter regulation than the sale of produce direct from the field. Pre-packed goods for direct sale to the consumer require minimal labelling (a name and its provenance). This would apply to the sale of chutney. However, when selling jam, labels need to state the name, any additives used (eg food colouring) and information about its composition (ie fruit to sugar content). The Food Standards Agency produce a jam factsheet available to download from: www.food.gov.uk

The production of jams and chutneys will also require registration with your local Environmental Health Officer for support with meeting basic hygiene requirements.

Q Can we sell freshly squeezed apple juice to the public?

A Many projects that have surplus apples choose to sell fruit juice at a local market or event. There are some sensible precautions that you can take: wash apples to be pressed thoroughly; do not use windfalls; thoroughly clean equipment and soak in cider vinegar for a sterilising effect; do not sell juice to take away. Selling freshly squeezed juice can present a health risk if precautions aren't taken so do double check with your Environmental Health officer first.

Some projects use 'contract juicing services' that can pasteurise, bottle and label your juice for you, eliminating hygiene risks. Common Ground (www.commonground.org.uk) suggests visiting your local Apple day to find a juicing service. There may also be an Abundance project in your local area which may know of local juicing services (Abundance projects harvest and process surplus fruit, usually in urban areas. For example see <http://abundancemanchester.wordpress.com>). If you have a glut of free fruit, then even if the unit cost of doing it this way is £1.50, if you then sell for £2 a bottle you will make 50p profit on every bottle.

Q Do we have to have organic certification to sell 'organic veg'?

A You cannot use the term 'organic' unless your land is certified organic. You can

describe how you grow your produce. For example, many people say 'grown free from pesticides and herbicides'. The important thing is to provide accurate information on your labelling and where selling in the public domain staff/volunteers need to be able to respond to queries about this.

Obtaining organic registration can enable a premium to be charged for produce. However it is expensive and the conversion process of the land takes several years. The Soil Association can provide further information about the conversion process. See: www.sacert.org

The Wholesome Food Association (www.wholesome-food.org) operates a self-policing set of growing principles which provides support, growing guidelines and a symbol that can be added to produce to highlight methods used. This costs £27 per annum.

Garden Organic publishes a set of organic gardening guidelines which can be downloaded from their website: www.gardenorganic.org.uk/guidelines

Q Is it legal to sell produce or cakes at our annual open day to generate funds?

A For a one-off informal event, check with your local Environmental Health Officer. This may be at the discretion of your local officer but it is important that those cooking (on or off site) and serving food take sensible precautions. The Food Standards Agency leaflet 'J6539 Personal Hygiene' provides a basic, clear, visual summary of these. See: www.food.gov.uk/multimedia/pdfs/hygintro.pdf

Q Can we hold an open day at our project, to raise money for our project?

A There may be a legal requirement for you to have a temporary licence for the event depending on your activities. If all profits go back to your charity then you may be exempt. If this is a one-off and you intend to collect donations then apply for a free charitable collection permit to cover you on the day. Explicitly asking for a donation on entry will require a license. However, an informal donation bucket is fine. Contact your local council licensing department and see the Legislation section below for further information.

Q Should people be paid when giving us produce to sell on?

A To a large extent a community group operates on goodwill and if people feel they are contributing to the wellbeing of their community they may be happy to donate items for sale or take part in a swap/exchange system. Alternatively they could donate a percentage of any of their sales made through your project. It's worth asking whether their produce is grown using similar guidelines to yours.

Also if some of the proceeds are retained by individual producers you will be required to have a market operator's license to sell the goods. See Legislation section below.

Q Some of our community members generate surplus, which they would like to donate to us to sell. Can we do this?

A If it is good quality and you have the capacity to sell it while it is fresh then go ahead! Do you have the capacity to maintain these relationships if you have a lot of small providers? Are you confident that donors comply with the standards by which you are producing and selling? Where goods are processed they will need to comply with Health and Hygiene and Trading Standards regulations as described above.

Legislation

Legislation will vary depending on your geographical location and is subject to change and interpretation. Below are some basic guidelines to give you some indication of the things you need to consider and the relevant body that governs them.

Anyone wishing to sell food, processed or fresh, in any capacity should contact three main local authority departments for up to date advice:

- ▶ Environmental Health
- ▶ Trading Standards, and
- ▶ Licensing.

Doing this in the early stages will avoid having to make last minute decisions and changes to paperwork. Building a good relationship with your local officers will save you a lot of time and help you to comply with the necessary legal requirements.

Environmental Health legislation

This legislation is primarily concerned with food safety with respect to selling processed foods such as jams, chutneys, juice, cakes etc.

It is advisable to contact your local authority Environmental Health officer with any queries you may have.

The Food Standards Agency can also provide further advice and information. Relevant publications include their hygiene guide booklet:

In Scotland Environmental Health legislation also covers food labelling. In England and Wales food labelling is covered by trading standards (see further below).

The Food Standards Agency website provides a summary of the current position regarding food labelling in the UK wide: www.food.gov.uk/scotland/regsscotland/ull

The Food Standards Agency has also published the 'Food Safety Guide for Farmers Markets in Scotland' which is a comprehensive resource for food safety and labelling requirements at markets and stalls: www.food.gov.uk/multimedia/pdfs/farmermarketscot0706.pdf

Trading Standards legislation

This legislation exists to ensure that your product is what it says it is. To find your local officer details visit: www.tradingstandards.gov.uk/advice

Trading Standards legislation covers issues concerning weights and measures for the sale of fruit and veg. The Business Link website provides guidelines on legislation covering selling in bunches, price marking (lbs and kilos), consumer protection ('free range'/organic) and packaged goods see rules for greengrocers. Visit: www.businesslink.org and search for 'rules for greengrocers'.

Licensing

Licensing is concerned with regulating trading activity. Your local authority licensing department should be your first port of call when selling goods or holding one-off events.

Where a license is required make sure that you ask (if appropriate) for the charitable rate. Also be specific - is this for a one-off

event, or to cover you for 6 or 12 months? There may well be a price difference. Please be aware that the specific licence names detailed below may vary in different geographical areas.

- ▶ A street trader's license - if you intend to regularly sell produce from your project you may require an annual street trader's license
- ▶ A market operator's license - may be required for your annual open event if you intend to invite stallholders (up to 10) who will keep a proportion or all of their takings. Where *all* proceeds go directly back to your charity a licence is not necessary.
- ▶ A charitable collection permit - is free and allows you to collect money for your charity either on or off site for up to 7 days a year. NB only one of these days can be a Saturday.

Case studies

Our case studies highlight the variety of approaches taken by community group to growing and selling produce. These are just a few from many projects UK wide. Contact your regional fieldworker to find a project local to you.

Sunnyside Rural Trust

www.sunnysideruraltrust.org.uk

When the project was first set up its aims were to provide training opportunities to adults with learning disabilities. A sales element was not considered at this stage. It now has a market stall twice a week and a shop onsite during the summer months. On sale are eggs, vegetables and fruit juice. As the sales side of their operation has developed, the project has evaluated their pricing by breaking down the total cost of production, marketing and sales. This gave a product cost for each item and a profit margin was then agreed. Since then the proportion of the project's income generated from sales has increased from 1% to 15%.

The project works very closely with their local Environmental Health Officer (EHO) and market managers to ensure they comply with the latest legislation. For example, their EHO inspects the project's organic hens regularly to ensure they meet the standards for the numbers they keep (this may well

not be the case with every local authority). The project asks for help whenever they make changes. Their EHO contributes to this healthy relationship by contributing a free health and safety inspection.

The project operates in a very transparent fashion so the landowners and allotment associations on the site are aware of the project's activity. Allotment produce is sold, with recognition that the project is not a profit-taking enterprise.

Flock size is kept below 350. This means labelling requirements for the eggs sold are kept to the minimum of stamping the eggs and dating the boxes. EH is contacted with any queries as they will have the latest Defra and H&S guidance. The rules are different when selling to restaurants than selling on a market stall.

The project's client group is people with learning disabilities and the team take this into account when organising their working day. The morning is used to plan the day's work, then groups of eight work with support on each job. Key to success is high team morale within the paid staff and service users. People come before growing or sales and this really makes a difference.

Top tip: Don't set outputs too high too soon with this client group. Put people first.

Kentish Town City Farm

www.ktcityfarm.org.uk

This popular and long-established community farm has a community garden and small growing plots for local people. Produce is shared with volunteers, cooked up in the kitchen and sold at events to raise funds for the farm. There is a red letterbox in the farmyard that serves as a general donations box.

The staff team is small and busy. The farm's charitable objectives are for social and educational purposes and its growing areas educate and demonstrate good gardening methods to the farm's thousands of visitors. Just a few pumpkin plants growing on a compost heap in this densely populated urban location can show thousands of people how to grow them.

Top tip: A high profile donations box means that the attention of visitors is drawn to the charitable status of the farm.

Hope Garden Trust

www.hopegardentrust.org.uk

Hope Garden, Arbroath provides training and supported work opportunities for adults with learning disabilities. Set in an acre of hospital grounds they operate an organically certified local veg box scheme in the summer months. Historically they grew plants for sale but could not compete with supermarket prices. They saw a gap in the market for local, organic, seasonal veg and set out to fill it. Income generation from growing is minimal but it keeps the project connected with their local community and assists them when applying for grant funding (their main source of income).

Top tip: Having community members sign up to a box scheme ensures a financial commitment for goods rather than being reliant on a fluctuating income from market or on-site sales.

Arkwright Meadows Community Gardens

www.amcgardens.co.uk

This project is a great example of local food for local people. The project's primary objective is to allow the local community to grow affordable food while supporting community engagement and education. There is strong engagement from the BME community. Profit made goes back into food growing but does not cover core costs.

The volunteers choose what to grow and this often includes types of fruit and vegetables that are not widely available locally. Volunteers are paid in vegetables, freshly picked when they are ready to harvest. This supports education about where food comes from and ensures people come down and get involved. Food is priced at ASDA value range levels.

Top tip: Do you want to go to your market or for them to come to you?

Good for Ewe

www.goodforewe.org

A great example of a community response to rural food issues. Established in 2003 with initial grant funding in a remote location on the North West coast of Scotland, this volunteer-led project works on a cooperative model to grow and distribute fresh, locally

grown produce. Surplus produce and other produce provided by members is sold at the local market which takes place once a week in the summer months.

The project is not profit driven and has strived to keep costs down. The process of setting costs has developed over time. Initially prices were set by 10% to supermarket prices but now the volunteers intuitively set prices based on their experience to date. They do not supply to restaurants etc so as not to undercut other suppliers. All profit goes back into the project to cover costs such as insurance and seeds.

Top tip: Make sure your community support you as they are your market.

Bridewell Organic Garden

www.bridewellorganicgardens.co.uk

This mental health project sells their produce (honey, jams and some surplus fruit) through open days, the local village shop and online wine suppliers.

The project has deliberately chosen not to grow vegetables as they felt that the pressure to produce a marketable crop in quantity in a mental health setting could be counterproductive and they have limited growing space. They have chosen instead to grow grapes for wine. This is hard work in the summer months but provides a good winter activity for volunteers. Wine production is outsourced. The wine pays for itself, producing a small profit, and is a good marketing tool to promote the work of the project locally.

Top tip: Emotionally challenging/stressful work combined with the pressures of running a commercial operation is a serious undertaking and needs careful consideration. Remember your primary purpose.

Horfield Organic Community Orchard

www.community-orchard.org.uk

This project was set up on allotment land by Avon Organic Group (AOG) in 1998. It now has over 100 trees, mainly dessert apples, but also pears, plums, vines and soft fruit. Working members pay a membership fee, meet regularly and share work and produce.

Excess produce has been sold on the Farmers Market stall run by AOG once a month in summer, at various fairs and festivals and on Apple Day on the orchard. Selling at a Farmers Market involves taking out separate Market Traders insurance and paying rental, although Bristol has recently waived fees for community groups. Sometimes the costs have been more than the takings, but it has been a good way to advertise the project.

Produce from members' own gardens and allotments is accepted provided it is labelled and listed. 80% of the proceeds go back to the producer, with the rest put back into running the organisation. The major income comes from Apple Day, with the sale of juice (people can bring apples to press), donated cakes and produce sold as for Farmers Markets. The orchard has recently become a separate organisation and aims to share the majority of produce with its members.

Top tip: Approach trading as a community activity



www.farmgarden.org.uk

Further information

FCFCG

Useful publications include 'Social enterprise pack', topic sheets including 'Project allotment' and the 'Community Garden Resource Pack'.
www.farmgarden.org.uk/publications

National Farmers Retail and Market Association

www.farma.org.uk

Producing and selling local food

'A growing trade: a guide for community groups that want to grow and sell food in our towns and cities'

An excellent resource with a lot of information on growing, cooking and selling produce. www.sustainweb.org/localactiononfood

Sustain also produce a useful toolkit for those interested in setting up a food co-operative. www.sustainweb.org/foodcoopstoolkit

'A Healthy Profit: A simple guide to pricing the food you make or grow'

Aims to give community food organisations the confidence and the knowledge to construct and use their own pricing model. www.sustainweb.org/publications

www.makinglocalfoodwork.co.uk

A useful resource to support local food in England. Many resources are UK wide in their application. Their 'Social Business Toolbox', 'Tips for selling local food' and 'Stallholders Handbook' are all useful.

'Good guide to trading'

Published by NCVO. Price: £25
www.ncvo-vol.org.uk/products-services/publications/good-guide-to-trading

'Food Safety Guide for Farmers Markets in Scotland'

Includes useful information for selling at farmers markets throughout the UK.
www.food.gov.uk/multimedia/pdfs/farmermarketscot0706.pdf

'Small is successful'

Case studies of economically viable small holdings (under 10 acres). www.ecologicalland.coop/sites/ecologicalland.coop/files/Small_is_Successful.pdf

Food hygiene

Good practice guidelines for food hygiene.
www.food.gov.uk/multimedia/pdfs/publication/startingup0310a.pdf

'Food Coops toolkit'

The permits section of this toolkit provides information on food hygiene.
www.sustainweb.org/foodcoopstoolkit/permits

Legal structures

'Get Legal'

A free online reference and decision-making tool for charities, social enterprises and co-operative organisations.
www.getlegal.org.uk

'Select a structure'

Online toolkit from Cooperatives UK to help organisations select the right legal structure.
www.uk.coop/sas

Social enterprise

Social enterprise for community food projects

www.sustainweb.org/pdf/PolicyBriefng_05.pdf 2005

Sauce

An online toolkit for social enterprise community food groups including a useful questionnaire - 'Social Enterprise is it for me?'.
www.sustainweb.org/page.php?id=239

'From asking to earning'

A report of the South West Sustainable Funding pilot project about voluntary organisations experiences of trading.
www.ncvo-vol.org.uk/sites/default/files/UploadedFiles/Sustainable_Funding/Publications/asking_to_earning_sw_pilot_project.pdf