



Setting up a farming cooperative

What is a farming cooperative?

A farming cooperative in the UK is a type of agricultural organisation formed by farmers who join together voluntarily to achieve common goals such as purchasing supplies, marketing their produce, or accessing shared resources and services. These cooperatives are owned and controlled by their members, who typically operate their farms independently but collaborate through the cooperative for mutual benefit.

Farming cooperatives can take various forms, including producer cooperatives focused on marketing and selling agricultural products, purchasing cooperatives that enable members to collectively buy inputs like seeds, fertilisers, and machinery at lower prices, and processing cooperatives that add value to raw agricultural products through processing or packaging.

By pooling resources and expertise, farming cooperatives help small and medium-sized farmers compete more effectively in the marketplace, negotiate better prices for their products, and access services and support that might be otherwise out of reach for individual farmers. They also promote cooperation and community development within the agricultural sector.

How to set up a farming cooperative

1. Define your vision and goals:

- What type of farming cooperative do you envision (e.g., shared land, joint marketing, machinery pooling)?
- What are your shared goals and values (e.g., sustainability, economic resilience, community involvement)?
- Who are your potential members (e.g., existing farmers, new entrants, diverse backgrounds)?

2. Gather information and resources:

- **Co-operatives UK:** This national membership organisation provides comprehensive support, including a step-by-step guide, business development tools, and access to funding resources. (<https://www.uk.coop/start-new-co-op>)



- **Plunkett Foundation:** This independent charity offers expert advice and resources specifically for agricultural cooperatives. (<https://plunkett.co.uk/our-story/>)
- **Sustain:** This alliance for better food and farming has resources on setting up food co-ops, including community supported agriculture (CSA) models. (<https://ldn.coop/start-a-co-op/>)
- **Government resources:** The UK government website provides information on agricultural policies and grants that may be relevant to your cooperative. (<https://www.gov.uk/guidance/funding-for-farmers>)

3. Recruit potential members and build consensus:

- Organise meetings and workshops to discuss your vision and gather feedback.
- Identify individuals who share your goals and are willing to actively participate.
- Develop a business plan outlining your activities, financial projections, and governance structure.

4. Choose a legal structure and register your cooperative:

- There are different legal structures available for cooperatives, such as a worker co-operative, multi-stakeholder co-operative, or community benefit society. (<https://www.uk.coop/resources/how-finance-your-platform-co-op-start/part-2-understanding-finance/co-op-legal-structures>)
- Consult with legal professionals to determine the best structure for your specific needs.
- Register your cooperative with the Financial Conduct Authority (FCA) or the Registrar of Community Interest Companies (RCIC), depending on your chosen structure.

5. Secure funding and resources:

- Explore various funding options such as grants, loans, crowdfunding, or community shares.
- Develop a robust financial plan to manage your resources effectively.
- Network with other cooperatives and organisations to share best practices and access support.



Additional resources:

- **Farmer co-operation in the UK: Opportunities for the industry:** This report by Co-operatives UK analyses the potential of agricultural cooperatives and highlights key considerations. (<https://www.uk.coop/resources/farmer-co-operation-uk-opportunities-industry>)
- **Start a Food Co-op:** This toolkit from Sustain provides comprehensive guidance on setting up a community-run food cooperative. (<https://ldn.coop/start-a-co-op/>)

Remember, setting up a successful cooperative requires dedication, collaboration, and commitment from all members. By utilising the available resources and building a strong foundation, you can create a thriving farming cooperative that benefits both your members and the wider community.

Things to consider

Positive indicators:

- **Growth in turnover:** The UK's agricultural co-operative sector has seen a **steady increase in turnover** in recent years, going from £4.8 billion in 2010 to £6.2 billion in 2015. This suggests an overall positive trend.
- **Significant market share in some areas:** While the overall market share for farming cooperatives is only 6% in the UK, it's worth noting that **certain sectors have much higher penetration**. For example, dairy cooperatives boast a 38% market share.
- **Potential for improved farmer power:** Cooperatives offer the potential for **farmers to gain more control** over the supply chain and secure better prices for their produce. This is especially relevant in the context of a market dominated by large retailers and processors.
- **Benefits beyond financial success:** Many cooperatives promote **sustainable practices, innovation, and community engagement**, which can be seen as additional forms of success.

Challenges and concerns:

- **Decline in number of cooperatives:** Despite the increased turnover, the **number of farming cooperatives has actually decreased** in recent years. This raises questions about the overall sustainability of the model.



- **Low market share compared to Europe:** The UK lags behind other European countries in terms of cooperative market share. This suggests that the UK model might not be fully optimised.
- **Internal challenges:** Like any organisation, cooperatives can face **internal governance issues and challenges in balancing individual and collective interests.**

Here are some resources where you can delve deeper:

- **Report on the co-operative farming sector:** <https://www.uk.coop/resources/farmer-co-operation-uk-opportunities-industry>
- **Farmer co-operation in the UK: Opportunities for the industry:** <https://www.uk.coop/resources/farmer-co-operation-uk-opportunities-industry>