



Good Governance Workshop February 2022

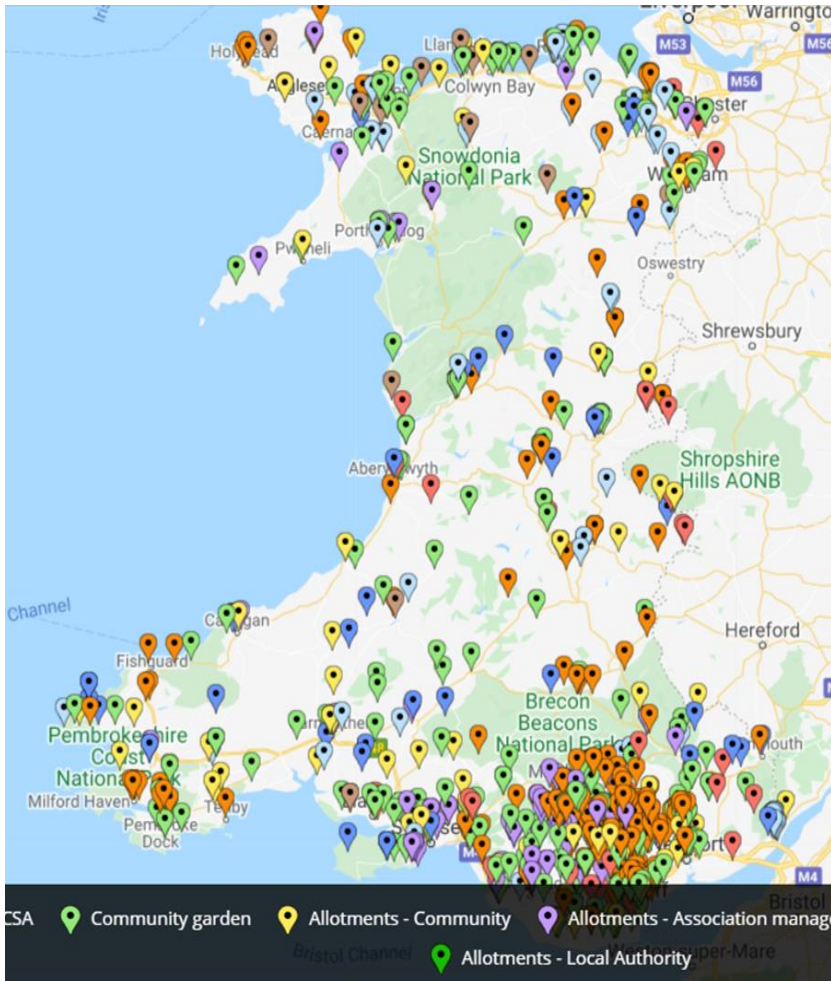
[Social Farms & Gardens](#) partnered with [Tyfu Cymru](#) to support [CSA's in Wales](#)

Tyfu Cymru is delivered through Lantra Wales who support both individuals and companies in the land based and environmental sector to achieve personal and business growth. Tyfu Cymru has received funding through the Welsh Government Rural Communities – Rural Development Programme 2014-2020, which is funded by the European Agricultural Fund for Rural Development and the Welsh Government until March 2023.

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Who We Support



In Wales we are already supporting a fantastic movement of regenerative food systems, that are benefiting people & planet:

546 - Allotment Sites

- ✓ 239 – Community Gardens
- ✓ 73 - Community Orchards
- ✓ 34 - Community Supported Agriculture Sites
- ✓ 33 – KWT Food Growing Gardens
- ✓ 28 - Incredible Edible Projects
- ✓ 5 - Controlled Environment Agriculture projects
- ✓ 2 – City Farms
- ✓ ?? - Edible Playgrounds (too many to map) & much more.....

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Opening the gate on Governance?



There is a key difference between Organisational Types & Legal Form.

Organisational Types Include:

- CSA – Community Supported Agriculture
- Cooperative (many different forms)
- Community (Social) Enterprise
- Development Trust
- Community Finance Institution
- Partnership
- Charity

Legal Forms Include:

- Company (shares or not)
- Self Employed / Sole Trader
- Charitable Incorporated Organisation
- Society (Coop / IPS)
- Community Interest Company (shares or not)
- Association / Trusts / Partnerships

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To Incorporate or Not to Incorporate



Summary of the advantages and disadvantages of incorporation

	Unincorporated	Incorporated
Liability	Individuals may have to meet any outstanding debts personally.	Individual liability is limited to guarantee or unpaid share capital.
Ownership	It is not possible to enter into contracts in an organisation's name and there are difficulties with members' authority to do so.	A corporate body may own property and enter into contracts in its own right.
Risk	Risk can be unequally distributed among members.	Risk is more equal. All members are treated the same unless there is some other agreement in place.
Cost	There are generally no or limited start-up costs.	There will be start-up costs plus annual fees (although a relatively small amount).
Administration	None needed by law (unless a charity).	Ongoing records need to be kept and filed with the appropriate registry.
Privacy	Complete (unless a charity).	Certain details, such as governing body members' addresses are on public record.

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Legal Forms Pros & Cons



Summary of the key features of the different legal forms

Legal Form	Does its members have limited liability?	What is its governing document called?	Can it issue shares?	Can it pay a return on shareholdings?	Does it have to register with a regulatory body?	Is it suitable for charitable status?	Does it have an asset lock?
Partnerships	No	Deed	No	No	No	No	No
Associations	No	Constitution	No	No	No (unless a charity)	Yes	No (unless a charity)
Trusts	No	Deed	No	No	No (unless a charity)	Yes	No (unless a charity)
Limited Liability Partnership (LLP)	Yes	Agreement or Deed	No	No	Companies House	No	No
Company Limited by Guarantee	Yes	Articles	No	No	Companies House	Yes	No (unless a charity)
Company Limited by Shares	Yes	Articles	Yes	Yes	Companies House	No*	No (unless a charity)
Community Interest Company (limited by guarantee)	Yes	Articles	No	No	Companies House & CIC Regulator	No	Yes
Community Interest Company (limited by shares)	Yes	Articles	Yes	Yes – although it is subject to a cap	Companies House & CIC Regulator	No	Yes
Charitable Incorporated Organisation	Yes	Constitution	No	No	Charity Commission	Yes	Yes
Industrial & Provident Society (bona fide co-operative)	Yes	Rules	Yes	Yes	Financial Services Authority	No	No
Industrial & Provident Society (society for the benefit of the community)	Yes	Rules	Yes	Yes	Financial Services Authority	Yes	Yes (optional)



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Food Growing Organisational Types?



Organisational types help (or hinder?) to define how your business is viewed on the outside / how you sell yourself.

- CSA – Community Supported Agriculture. Can be Community or Farmer led.
- Partnership / Association – often between a small number of growers / partners.
- Coops – Workers – Agricultural – Consumer – Community – Food (buying group).
- Social Enterprise / Community Food Business.
- Social Firm – Specifically set up to create labour opportunities for severely disadvantaged people.



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A more in-depth look at:

Community Interest Company

- Limited liability
- Uses a simple set of company governing documents
- Can have a membership
- Compulsory asset lock
- Has to register and be approved by the CIC regulator
- Has to define its 'community of interest'
- Reports to Companies House / HMRC & CIC regulator
- Can have shareholders, or not
- Minimum age of directors = 16
- Can be a single individual – but this is discouraged



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A more in-depth look at:



Industrial Provident Society

Two main types 1. Bonafide Coop – one member one vote. 2. Community Benefit Society

- Can define themselves within the range of organisational types of Cooperatives
- Geared towards more social aims
- Registered through the Financial Conduct Authority
- Much less understood than CIC's, Companies & CIO's
- Can include asset locks if desired
- More expensive and complicated to register
- More complicated compliance (filings)
- Larger fines for non-compliance
- Allow for share offers
- Minimum of 3 members

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References – Further Reading



- Social Farms & Gardens suite of resources
<https://www.farmgarden.org.uk/resources>
- Tyfu Cymru resources page
<https://www.tyfucymru.co.uk/knowledge-hub/>
- Simply Legal Downloadable Document
<http://www.feainetwork.org/wp-content/uploads/2014/08/simply-legal.pdf>
- Updated UK Cooperatives version (more wordy!)
<https://www.uk.coop/sites/default/files/2020-10/simply-legal-final-september-2017.pdf>
- Sustain Resource page –
<https://www.sustainweb.org/publications/>
- Simply Start Up Guide
https://www.nmtf.co.uk/wp-content/uploads/2017/01/Simply_Start-Up_November_2011.pdf
- Simply Governance Download
<https://www.uk.coop/resources/simply-governance>

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