

## **A beginner's guide to growing and selling produce**

This factsheet has been developed as a response to many questions received by the FCFCG/Trellis networks on this subject, ranging from legal issues, health and safety and how to sell. For the purposes of this guide 'produce' means vegetables, fruit, preserves and eggs.

Many of our member groups grow 'produce' for a range of reasons. It could be 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, or to demonstrate wider issues of sustainability such as climate change and carbon reduction. A project which grows produce does not have to sell it to have social benefits, see <http://www.foodshare.co.uk/cms/>

Having said that, there are some obvious benefits to selling produce- it can raise general funds, publicise your group or specific project, or generate funds in order to help make a particular project self-sustaining. However, for community and therapeutic groups considering selling produce, it is important to be clear about why you are doing it.

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.

We hope that this paper will help you think through some important questions before you begin selling, give you a hand to get started and some links on where to go for inspiration, legal guidance advice and ideas in the future. The best advice we can give would be to visit some groups that are 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 are doing, make contacts and learn from each other. This paper is just a start. Legislation and links may vary, with local bye-laws.

Please do stay in touch and help us keep this up to date.

### **One piece of advice**

Growing food for financial profit on any scale is hard work and should not be undertaken lightly!

## 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:

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

If you intend to generate an income through growing produce then do you have enough land to do so?

Does your lease or land tenure allow you to generate an income through sales?

Is your 'workforce' likely to be motivated to grow produce in quantity?

Is there an opportunity for working with other gardens/groups to share costs/resources? e.g. 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?

## 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 and 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

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

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 up to 25% of your turnover by trading, up to 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.

<http://www.charity-commission.gov.uk/publications/cc35c.aspx#11>

(In this document scroll down to C10 describing sale of donated goods).

### **How do we find out if our land is contaminated?**

See FCFCG Contaminated Land Guidelines

<http://www.farmgarden.org.uk/publications/135-contaminated-land-guidelines>

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

Social enterprises come in all shapes and sizes. Organisations calling themselves social enterprises have to be trading in some form (i.e. 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 consideration, from FCFCG's Social Enterprise Pack is: "What an enterprise does with its profits determines whether it is a social enterprise, rather than a specific legal structure". The links at the end of this document will help you consider what role this can play in your organisation.

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

Organisations need to declare their income from all sources and refer to

<http://www.hmrc.gov.uk/index.htm> for any queries. Small organisations may well be below the tax threshold or exempt.

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

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.

### **What are the different models for selling our produce?**

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 trader's license.
- 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: This set up requires considerable thought and 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?

### **We would like to sell our produce at a local farmers market?**

When you register with the market organiser they may advise you further of licenses you need to have in place (market license, trading standards regulations etc) also see <http://www.farma.org.uk/> and Food Standard Publications- see Links. Legislation and market guidelines will vary and in some instances paid staff need to be present. When selling processed goods chutneys etc guidelines vary but most will specify using a certain percentage of local ingredients (FARMA recommends minimum about 25%) If the cost of a stall seems prohibitive try seeking local sponsorship to cover your fees.

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

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. In practice, some incidental surplus may be produced, which should be disposed of by projects working on statutory allotment garden sites in a way which transparently furthers social and community purposes rather than be sold for private gain. For example, sales of incidental surplus might raise funds for the allotment association or the local school. It is important to have regard to these matters if you are working on statutory allotment garden sites as special legal considerations apply.

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

Non-retail sale is less prescriptive but 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.

### **Are the rules any different for selling plants and compost?**

Similar to rules on edible produce- this depends on how and where you wish to sell them. Contact your local authority Trading Standards Officer to discuss further.

### **How do we go about pricing our produce?**

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.

### **Is it okay to sell processed goods e.g. jams and chutneys to the public?**

Any form of processing requires tighter regulation than produce sold direct from the field. Pre-packed goods for direct sale to the consumer means minimal labelling (a name and its provenance) is required for the sale of chutney. Jam however needs to state the name, any additives (for e.g. food colouring) and its compositional requirements (i.e. fruit to sugar content). See the Foods Standards Agency's 'Quick

Guide to Jam' at

<http://www.food.gov.uk/multimedia/pdfs/publication/jamfactsheet0210.pdf>

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

### **Can we sell freshly squeezed apple juice to the public?**

Many projects that have surplus apples may 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, and 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 members report of using 'contract juicing services' that can pasteurise, bottle and label your juice for you eliminating hygiene risks. Commonground suggest visiting your local apple day to find a juicing service, see <http://www.commonground.org.uk/>

There may also be an "Abundance" project in your local area which may know of local juicing services. 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 are making 50p profit on every bottle.

### **Do we have to have organic certification to sell 'organic veg'?**

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. See <http://www.sacert.org/Gettingcertified/Howtoapply/tabid/1050/language/en-US/Default.aspx>

The Wholesome Food Association <http://www.wholesome-food.org/links/> operates a self-policing set of growing principles which provides support, growing guidelines for £27 per annum and a symbol that can be added to produce to highlight methods used.

Organic gardening guidelines can be found at

<http://www.gardenorganic.org.uk/pdfs/Organic-Gardening-Guidelines-2010.pdf>

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

For a one-off informal event, check with Environmental Health. 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. See <http://food.gov.uk/business-industry/guidancenotes/hygguid/charity-community-groups/homemade-cakes#.UmjstKJwbc>

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

You may be legally required 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. NB. Explicitly asking for a donation on entry will require a license. However, an informal donation bucket is fine. Contact your local council licensing department.

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

To a large extent a community groups operate on goodwill and if people feel they are contributing to the wellbeing of their community they may not want to be paid for giving items for sale or organise a swap/exchange system. Alternatively they could donate a percentage of any of their sales made through you. It's worth asking-is their produce grown using similar guidelines to yours? Also if some money goes back to individuals rather than 100% to charity you will be required to have a license (market operators) to sell the goods.

### **Some of our community members generate surplus, which they would like to donate to us to sell?**

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. See Links section below.

### **Legislation**

Legislation will vary depending on your geographical location and is subject to change and interpretation. Below are some basic guidelines and links 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: Environmental Health, Trading Standards and Licensing for up to date advice. Try not to do this at the last minute as this as you may need to make some decisions, adjustments and complete 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.

#### **1. Environmental Health is primarily concerned with food safety in respect to selling food such as jams, chutneys, juice, cakes etc.**

It is advisable to contact your local authority Environmental Health officer with any queries you may have. Also see [food.gov.uk](http://www.food.gov.uk) for further advice and publications such as <http://www.food.gov.uk/multimedia/pdfs/publication/hygieneguidebooklet.pdf>

Another comprehensive resource for food safety and labelling requirements at markets and stalls can be found at

<http://www.food.gov.uk/multimedia/pdfs/farmermarketscot0706.pdf>

In Scotland Environmental Health also covers food labelling. In England and Wales food labelling is covered by trading standards. For further guidelines on food labelling U.K wide see <http://www.food.gov.uk/scotland/labelling-scotland/#.UmjuJKJwbc>

#### **2. Trading Standards legislation ensures that your product is what it says it is. To**

find your local Trading Standards officer details enter your postcode in the box on the Trading Standards Institute web pages at

<http://www.tradingstandards.gov.uk/advice/index.cfm>

Across the U.K., Trading Standards covers issues concerning weights and measures for the sale of fruit and veg. For guidelines on legislation on selling in bunches, price marking (lbs and kilos), consumer protection ('free range'/organic) and packaged goods

regulations see rules for greengrocers on the Trading Standards Institute web pages at <http://www.tradingstandards.gov.uk/advice/advice-business-wmsum4.cfm>

### **3. 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 for (if appropriate) 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, subject to geography.

**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. N.B only one of these can be a Saturday.

### **Case studies**

Our case studies highlight the different community group approaches to food growing. These are just a few from many projects U.K wide. Contact your regional fieldworker to find a project local to you.

#### **Sunnyside Rural Trust**

<http://www.sunnysideruraltrust.org.uk/>

The project supports adults with learning disabilities and has a market stall twice a week, and a shop onsite during the summer months. On sale are eggs, vegetables and fruit juice.

When the project set up its aims were to provide training opportunities to adults with learning disabilities. A sales element was not considered at first.

Pricing was evaluated in the last few years and time was spent 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 environmental health (EH) and the market managers to ensure they comply with the latest legislation. For example, EH inspects the organic hens to ensure they meet the standards for the numbers they keep (this may well not be the case with every local authority), and they ask for help whenever they make changes, or as a regular review, and as such have a healthy relationship with EH, which also contributes a free health and safety inspection.

The project operates in a very transparent fashion so the landowners and allotment associations involved in 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 as that means all that is needed is to stamp the eggs and date 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.

Given the project's client group is people with learning disabilities, the project has organized its working day to best effect, using the morning to plan the day's work. They can concentrate 8 people with support on one job rather than one paid worker and the teams work efficiently. 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.

### **Hope Garden Trust**

<http://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 box scheme in the summer months. Historically they grew plants but could not compete with supermarkets- they saw a gap in the market for local, organic, seasonal veg. Income generation from growing is minimal but it keeps the project connected with their local community and is an important criteria for grant application 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.

### **Kentish Town City Farm**

<http://www.ktcityfarm.org.uk/>

This is a popular and established community farm, which has a community garden and small growing plots for local people. The community garden produce is shared with volunteers and cooked up in the kitchen. Produce from the garden and from small plots is 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.

### **Arkwright Community Gardens**

<http://www.amcgardens.co.uk/>

Provides a great example of local food for local people, with diverse community involvement) Selling produce is their primary function - production is about local people growing affordable food that supports community engagement and education. Food and location has meant strong engagement from BME community. Profit made goes back into food growing but does not cover core costs. Volunteers are paid in vegetables. Volunteers choose what to grow much of it not accessible elsewhere it is then picked fresh when someone turns up and wants it- this supports education about where food comes from and ensures people come down and get involved. Food is priced at ASDA value range.

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



### **Good for Ewe**

<http://www.goodforewe.org/index.asp>

A great example of a community response to rural food issues- Established in 2003 with initial funding assistance in a remote location on the North West coast of Scotland. Volunteer led working on a cooperative model to grow and produce fresh, locally grown produce. Sell project grown and members' surplus at local market (in summer months) once a week- with strong local support-all with relevant hygiene certification. Not profit driven so keep food costs down-costing has been a developing process used to add on 10% over Tesco price- now intuitively set prices- they do not supply to restaurants etc so as not to undercut other suppliers. All profit goes back into insurance and seed costs for year on basis.

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

### **Bridewell Organic Garden**

<http://www.bridewellorganicgardens.co.uk/>

Bridewell is a mental health project that has diversified in 'produce' production selling wine, honey and surplus fruit. Established in 1994, it sells their produce (honey, jams and some fruit) through open days, the local village shop and online wine suppliers. They have deliberately not chosen to grow vegetables due to the fact that any pressure to produce a marketable crop in quantity in a mental health setting could be counterproductive and they have limited growing space. However they 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 and produces a small profit and is a good marketing tool to promote the gardens work 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](http://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 is a good way to advertise your 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.

e-mail [info.orchard@avonorganicgroup.org.uk](mailto:info.orchard@avonorganicgroup.org.uk)

## LINKS

### Producing and selling local food

Excellent resource with a lot of information on growing, cooking and selling produce;  
<http://www.sustainweb.org/localactiononfood/>

Also see <http://www.sustainweb.org/foodcoopstoolkit/> for useful user friendly links on regulations etc.

<http://www.makinglocalfoodwork.co.uk> – A useful resource to support local food in England Online resources pertinent U.K wide see resources and links section for their Social Business Toolbox, Tips for selling local food and Stallholders handbook

<http://www.ncvo-vol.org.uk/products-services/publications/good-guide-to-trading> (£25)

<http://www.farma.org.uk/> National Farmers Retail and Market Association.

<http://food.gov.uk/multimedia/pdfs/farmermarketscot.pdf>

guidelines and useful links for selling at farmers markets in Scotland

[http://www.ecologicaland.coop/sites/ecologicaland.coop/files/Small\\_is\\_Successful.pdf](http://www.ecologicaland.coop/sites/ecologicaland.coop/files/Small_is_Successful.pdf)

Interesting document with case studies of economically viable small holdings (under 10acres) Details history and strengths and weaknesses of each project.

### Food hygiene

Good practice guidelines for food hygiene -

<http://www.food.gov.uk/multimedia/pdfs/publication/startingup0310a.pdf>

<http://www.sustainweb.org/foodcoopstoolkit/permits/> for information on food hygiene

### Legal structures

<http://www.ncvo->

[vol.org.uk/uploadedFiles/NCVO/Publications/Publications\\_Catalogue/Trustee and Governance/Governance and Organisational Structures.pdf](http://www.ncvo-vol.org.uk/uploadedFiles/NCVO/Publications/Publications_Catalogue/Trustee_and_Governance/Governance_and_Organisational_Structures.pdf)

<http://www.getlegal.org.uk/home/issues-you-should-consider.html>

<http://www.uk.coop/sas>

### Social enterprise

Social Enterprise Pack, free to FCFCG members. The second document, on social enterprise case studies, includes farm produce and vegetable sales on pgs 21-25 which are pretty useful at <http://www.farmgarden.org.uk/publications>

2005 Paper entitled Social Enterprise for Community Food projects: A solution to the funding conundrum or just another fashionable “magic bullet”?

[http://www.sustainweb.org/pdf/PolicyBriefing\\_05.pdf](http://www.sustainweb.org/pdf/PolicyBriefing_05.pdf)

Sauce, Sustain’s online toolkit for social enterprise community food groups including a useful questionnaire ‘Social Enterprise is it for me?’

[http://www.sustainweb.org/sauce/welcome\\_to\\_sauce/](http://www.sustainweb.org/sauce/welcome_to_sauce/)

Sustainable Funding information at [http://www.ncvo-vol.org.uk/sites/default/files/UploadedFiles/Sustainable\\_Funding/Publications/asking\\_to\\_earning\\_sw\\_pilot\\_project.pdf](http://www.ncvo-vol.org.uk/sites/default/files/UploadedFiles/Sustainable_Funding/Publications/asking_to_earning_sw_pilot_project.pdf)

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