



Riverside Market Garden
Sowing Seeds of Change



Annual Report

April 2015 to April 2016

This report offers a brief review of the RCMA Market Garden social enterprise; its progress to date, and some of the challenges we face in the coming years.

The Mission (current at April 2016) was:

- To create a sustainable model of community supported agriculture
- To produce fresh, locally-grown, locally delivered fruit and vegetables, and associated processed and value added products
- To introduce a wide range of community members to small-scale organic food-growing processes and the benefits of healthy eating
- Knowledge transfer - to share with other existing and potential horticultural enterprises, information and experience relating to all aspects of what we have learned

Current Situation

This was our 6th year of full production. We produced around 60 crops of vegetables, salads and herbs. These were delivered weekly to between 30 and 50 veg box customers in Cardiff and the Vale, and to several restaurants. In addition we ran a regular stall at Cardiff's weekly Riverside Farmers Market, and bi-weekly at Cowbridge.

Our field is just less than 5 acres. We have decided to make the land we have as productive as possible. This allows production on around 3 acres, with up to 20% of the land left fallow with green manure crops to build fertility. All our produce is grown to Soil Association standards - the most rigorous and demanding organic standards in the UK

Staff

Our previous grower Keir Beard resigned due to various factors in mid -2015. A new staff member, Scott Carrot, took on the role of full time grower from November. We have also employed a Board member as a part-time project manager/administrator.

Board

The Board at the end of April 2016 had four directors:
Debbie Leigh, Steve Garrett, Richard Berry and Simon Michaels.

Funding

The enterprise was supported during 2015 by a grant from the Welsh Government's Rural Development Plan programme, which enabled us to explore a range of diversifications in which the Market Garden could increase income. This covered improvements to site infrastructure as well as enabling us to carry out a programme of 'research and development' relating to the production of added value processed products, and to incorporating more permaculture principles in our production methods, and enabling us to become more cost effective and sustainable. This

grant terminated in late 2015, at which point the Market Garden had to become financially viable without grant funding.

Experience and key lessons learned

We now have formed some clear views about our potential marketplace and its challenges:

- The domestic marketplace for fresh organic produce needs to be built slowly
- We introduced home delivery as an option for customers that found it difficult to get to a collection point.
- The quality of all our produce must be excellent even in the 'hungry gap' period during the winter and early spring, when the old crops are finished and the new crops are not yet ready, when we need to buy-in organic produce to keep our boxes full
- We realised that communication with customers is very important - so that they appreciate and understand more about how the Market Garden actually operates. We have significantly improved this aspect of our operation in the past year
- Good communication with shareholders is also important so they feel a part of the project
- Regular events/open days are appreciated by shareholders and customers alike, and we intend to hold more of these in the future



Looking Forward

- We have a loyal customer base of people who appreciate the high quality of our veg boxes, and at our weekly stall at Riverside Market in Cardiff
- We have developed strong links with other Community Supported Agriculture projects (CSAs) in Wales, and are members of a Welsh CSA Network which has been set up with support from the Soil Association

Strategy for the next two years

1. Develop a product mix balancing field crops with covered crops , and explore how to create a good range of vegetables year-round
2. Explore how changes in the design and management of our field can lead to higher productivity
3. Gradually increase turnover and profitability to maximise the sustainable output from the field

We are actively developing:

1. A clear sales and marketing strategy based on the growth we are trying to achieve i.e. increase box sales and market stall sales, particularly promoting our 'unbeatable' USP of 'the most local and fresh produce'.
2. Develop better communication with customers and shareholders, and involve them more directly in the running and development of the enterprise.

We have recently updated the website, and are making effective use of social media, and circulate a regular news updates to customers and stakeholders.

By mid 2018, our aim is to have the site at full production-levels, to have expanded our customer base and to generate enough income from sales of a wide variety of products to cover all our costs and generate a sustainable income for the full time grower.

Risks

Though there is strong evidence that the demand for local organic fruit and vegetables exceeds supply, there are some external factors that present a risk to our business model.

- Global economic forces beyond our control may impact on the demand for and price of organic produce;
- Competition threat – we need to monitor farm-gate values, consumer trends and the efforts of our competitors, including supermarkets and other box schemes;
- Adverse weather may detrimentally affect our yields and/or productivity, although we are able to counteract this to some extent with the creation of more covered growing space and field drainage;
- Illness of key staff especially the grower.

Vision

However, we are confident that we will continue to expand and fulfil our potential as a significant source of local food, and as an inspiration and information source for others wishing to do the same in Wales, by building on our unique strengths.

Factors which we feel will contribute to our success in this role include:

- Welsh Government and the Vale of Glamorgan are highly supportive of us and other local-grown food projects – and we play a part in the creation of national sustainability objectives as outlined in the ‘One Planet Wales’ strategy;
- Continuing food scares have encouraged people to question the provenance of what they are eating and an increasing number are changing their food buying habits to include more locally produced items;
- More people understand the benefits increasing fruit and veg consumption;
- The support and expertise of our shareholders and volunteers;
- We have a recognised role to play in the establishment of Cardiff as a ‘sustainable food city’, and in delivering on the principles described in the Cardiff Food Charter.

Financial Summary

This year, 2016-2017, was one of consolidation and one when we became entirely self-funded, as all grants have expired. Due to the committed and skilful work of our new grower we made a modest profit on trading activity, even with a number of necessary capital expenditures, such as a van, seed trays, and rotavator.

Cost of sales (e.g. delivery costs, horticulture materials and bought-in produce) decreased by around £2k this year, and overheads, including staff and rent, insurance etc. have also fallen, mainly down to a significant reduction in staff costs, with a lower grower salary and no permanent assistant.

For the previous financial year, 2015-2016, finalised annual accounts show the enterprise increased its trading income from selling vegetables to £25,480, from £23,084 in the previous year. However these accounts are a little distorted, as grant monies received in 2014-15 were spent in 2015-2016. The accounts therefore show a loss of over £13k, but the previous year, 2014-2015, indicated a profit of £18k, so if we balance out the two years there is an overall profit.

Due to grant funding providing for some operational costs, we retained a cash positive balance on the 1st April 2016 of £5,267.

We have assets such as polytunnels, tractor, rotavator, 3-wheeled tractor, and other materials valued at around £21k (based on asset depreciation rather than re-sale value).

We anticipate that in the next financial year, the income from veg sales and overall profitability will grow further.

Looking ahead

We are growing in confidence that our vegetable growing enterprise will become profitable, allowing for a decent or at least minimum income for the grower within at least two years.

However, this is always going to be a marginally profitable business. We therefore aim to create a contingency of at least £5k, to protect the enterprise from risks such as infrastructure failures, van breakdown, tunnel plastic renewal, tractor breakdown etc.

We are also very exposed if our grower became ill. If this happened, we might need to put operations on hold and tick over until he was well again.

Supplementary sources of income, which could include grants, added value product development, therapeutic care farm services, and education or training have the potential to support the core business of veg growing.

Whilst these have not developed, the enterprise is looking at a separate spin-off feasibility study using dehydrated vegetables to make dried soups of a very high quality.