

## Briefing to OVERVIEW AND SCRUTINY

# Community Shop in Oldham

**Report Author:** Dominic Coleman, Strategy, Partnerships and Policy  
**Ext.** 5443

**14 July 2015**

### 1. Summary

This item was referred to Overview and Scrutiny for a detailed review and initial feasibility study to be undertaken.

The role of Overview and Scrutiny in this is to;

- (1) Gain an in-depth understanding of the Community Shop model
- (2) Understand how Community Shop operates in other localities
- (3) Understand what key issues we should consider *before* we consider a Community Shop being opened in the Borough

#### **What is a Community Shop?**

[Community Shop](#) is a social enterprise which has a network of members'-only social supermarkets that provide a means for retailers, brands and manufacturers to redistribute their surplus stock, whilst helping people in need, by offering food and products at up to 70% the normal retail price. To secure membership, those eligible must sign up to and participate in the Community Hub, where they access mentoring and free skills training.

Community Shops offer membership to residents in a clearly defined geographic area which demonstrates high levels of deprivation. They must evidence that they are either unemployed or in work and in receipt of certain means-tested benefits. Membership lasts for a maximum period of 6 months. As a social enterprise, all financial surplus is reinvested back into the organisation making it self-sufficient and sustainable.

### 2. Key issues for Overview and Scrutiny to discuss

#### **Financial considerations – funding a Community Shop**

Establishing a Community Shop in Oldham would require an investment of up to **£250,000 capital expenditure** – depending on the premises and subject to the following being true;

- Identifying a suitable building (3,000 – 4,000 square feet, easily accessible for members and the ability to convert the site into a suitable premises for a shop)
- Identifying a suitable location in an area of high deprivation that can support the necessary **750 members** on an on-going basis for the shop to break even (note:

Community Shop cover the revenue costs during the initial development phase whilst the membership builds up to the 750 level).

- The provision of financial support (e.g. in securing the site or offering a 'peppercorn rent' for a preferred 10 year lease)
- Support from local stakeholders (e.g. the political and administrative leadership of the Local Authority, Community Groups, Residents, Public Health Team, partners and relevant services in the council such as Get Oldham Working)
- Strong links in the area to employment opportunities and located close to any business that is willing to work with Community Shop

Once open and trading, the store **does not** have ongoing revenue funding other than potential loss of income through a preferential rent which would need to be considered. In some authorities, Clinical Commissioning Groups and Local Authorities are looking to jointly fund a shop and are working with the Fundraising Manager for Community Shop to help secure investment. This partnership approach could be explored for Oldham.

### Potential Advantages

- **Supporting at-risk residents** – the shop targets residents in need of financial support and provides low cost food and products to lower income residents in areas of high deprivation
- **Wider offer** – the initiative provides services in addition to the shop through the Community Hub, including mentoring and skills training
- **Environmental sustainability** – the shop sells food and produce which may otherwise have gone to waste, compost or landfill, reducing the environmental impact and carbon footprint of the food supply chain and minimising waste
- **Proven track record internationally** – the social supermarket concept and model is well established across Europe with over 1,000 examples in Spain and Greece<sup>1</sup>
- **Partnership working** – Community Shop have established links with large national companies and supermarkets such as ASDA, Tesco, Morrison's, Co-operative Food, Marks & Spencer, Ocado and Tetley. These links present the potential for further investment and support for wider community development.

### Potential Disadvantages

- **Customer (Members-only)** – the shop only benefits certain members of society who must prove their entitlement to reduced-cost goods which could neglect residents e.g. those who live and survive just above the line of benefit entitlement.
- **Reputation and perception** – there may be negative connotations associated with endorsing or supporting a social supermarket designed solely for residents living in areas of high deprivation.
- **Unknown track record nationally** – social supermarkets are a relatively new concept in the UK, the current scheme in Barnsley launched in December 2013
- **Impact on food providers** – a Community Shop offering low cost food could impact on food banks or local retailers who provide discount food. Food bank users who qualify for Community Shop membership may be disproportionately supported compared to food bank users who are not members.
- **Cultural sensitivities** – the food in store depends on the provision of surplus stock, which is subject to change, and the food stocked would need to be sensitive to different cultures in the area.

---

<sup>1</sup> <http://www.community-shop.co.uk/news/dearne-to-host-first-social-supermarket.aspx>

## Impact of Community Shop

An impact assessment (enclosed at the end of this briefing) for a Community Shop operating in Goldthorpe (Barnsley), stated that users of Community Shop reported significant improvements in confidence, health and financial stability and some improvements in successfully finding work.

The model was successful based on the following reasons:

- ***The model helps build the resilience of individuals*** – In comparison to other services, Community Shop provides a hand-up rather than a hand-out. Its developed mechanisms such as low-cost food provision, budgeting support, financial advisors and employability support to tackle the underlying causes of poverty. 77% of members reported they now felt more positive about their future, suggesting the model has the capacity to impact longer-term change. This is different to the provisions of emergency handouts. However, it is not yet possible to understand how much of the sense of improved financial wellbeing can be attributed to subsidised food, to empowerment training and to access to services.
- ***The model accesses the most disenfranchised individuals*** – Community Shop helps identify people who are challenging to reach as the shop's position in the community builds trust with its members and offers a personal and tailored approach different to other employment services. The Citizens Advice Bureau reports that it is able to access more individuals who need support through the weekly CAB service inside the Community Shop. They can access different parts of the community – 61% of members who used their Community Shop service classified themselves as disabled or with long-term health problems.
- ***The model enables and encourages social interaction*** – 62% of members reported that the main reason they came to the shop was to see friends and socialise. Some of the greatest impact was on mental health (65% of members reported mental health benefits) as members saw visiting the shop and speaking to people gave their day more meaning.
- ***It clusters key services around an economical food incentive*** – Members are encouraged to visit the Community Shop due to low food prices. However, after their first visit, only 35% of members said they came for the cheap food and reported they were motivated to visit to access support networks. In Barnsley, this approach has been so successful that Barnsley Council wants to expand the 'wraparound services' linked with Community Shop that addresses connected issues such as drug and alcohol abuse. They directly tackled some of the biggest challenges to social mobility such as lack of confidence and low self-esteem. Stakeholders report that members may then be better placed to benefit from services that enable them to 'move up the next rung of the ladder', for example in employment.

The impact assessment identified the following challenges which the model faces:

- ***Low conversion of people back into work*** – Community Shop reported that only 22 members (4%) had found new work since becoming a member. However, the percentage of members completing the training who have found work is much higher, standing at 15%. The training has only been running since April and was initially 'opt in', only becoming a condition of membership after early take-up was low. Many members reported that they were either unavailable for work (due to caring responsibilities or being over retirement age) or did not feel ready to find work (due to depression and worries about impact on income if benefits reduced).

- **Lack of financial awareness amongst members** – 42% of members interviewed were not able to quantify their income and outgoings, despite receiving training.
- **Reputation and perception** – Members spoke of a persistent view amongst the community, that the Community Shop was a shop for ‘poor people/people on benefits’, this is perhaps inevitable when grouping services to tackle poverty under one roof to enhance accessibility. Local councillors agreed with this but noted that the image of the shop had dramatically improved over a 6 month period. They attributed this to greater understanding about the purpose of the shop (to support low-income families) as opposed to the fear of taking away business from local shops. The Community Shop reported they had spent a large amount of time in the first few months of the shop to build up relationships with local stakeholders in the community.

### Potential links in Oldham

If a Community Shop was established in Oldham, it could link into a number of current work areas:

- **Get Oldham Working** – this could compliment the Community Hub offer where members can access mentoring and free skills training to help secure employment
- **Get Oldham Growing** – Community Shop could feed into the growing and production of local food across the Borough and offer an outlet for this food to reach residents
- **Health** – The Community Hub offers health training and cooking skills to its members which could support improved health outcomes for residents
- **Financial support** – the Community Hub has helped people manage debt by renegotiating repayments and in claiming entitled welfare payments and this could link in to the offer of the Credit Union

### Where could a Community Shop be located?

A suitable location – based on the criteria above – in an area of high deprivation would need to be located, which could support the necessary **750 members** on an on-going basis for the community shop to break even. A retail space is ideal, but a disused school, community or youth centre or light industrial unit are possibilities. These alternative solutions would need planning permission for change of use and may require an increased level of refurbishment or remodelling to adapt the asset to the use.

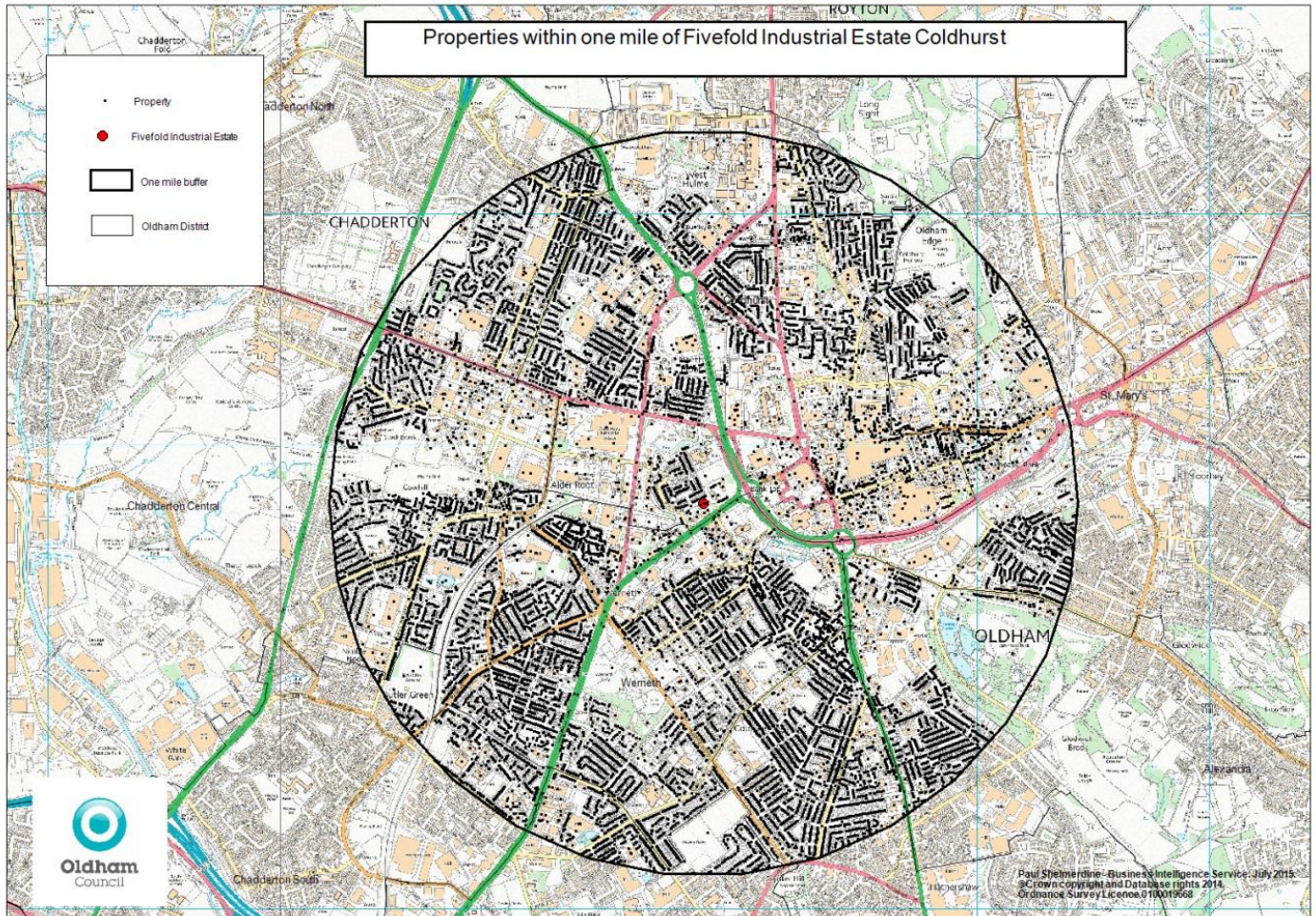
There is currently no available retail or industrial accommodation within the commercial and investment estate in Oldham that fully match the criteria (highlighted above). There are buildings on the market at present which give an indication for what is currently on offer; further information on two examples, a retail location in Lees (1,000 sq ft) and a retail location in Royton (7,000 sq ft) have been enclosed in the supporting information in section 4 (p7).

One consideration is the co-location in an operational asset the council holds i.e. within a council-owned community facing facility, that either host Council or third party customer facing services which is currently under-utilised. This option could potentially reduce operational costs through the shared use or re-use of a building which is surplus to requirements and is being investigated by the corporate landlord team.

### Location Assessment

Below is a draft profile indicating the type of assessment which could be carried out on a location for a community shop using a site on the Fivefold Industrial Estate as an example. A full analysis would be carried out if a suitable site is identified.

## Draft Profile: Fivefold Industrial Estate Site



### Statistics – 1 mile radius – assumed walking distance

Data	Fivefold Industrial Estate	Oldham
Number of properties	25,000	
Index of Multiple Deprivation (IMD) 2010 (% Rank)	8.3 (i.e. in 8.3% most deprived areas in England)	
Economically inactive	44%	30%
Private and/or social rented tenure	49%	24%
% Non BME	21%	78%
Unemployment (JSA)	10.2%	5.6%

### Notes

This is a draft analysis to show the potential for future assessments. Several points should be considered;

- The map shows all properties – some of these will not be residential
- Due to limitations with DWP data since the introduction of Universal Credit, unemployment data on local areas is outdated – but the scale of local issues are still applicable
- Due to physical and community barriers, the assumption of a 1 mile walking zone will not be exact, but forms a useful initial proxy.

A full analysis would include;

- More statistical information
- Mapping to include only residential properties
- Inclusion of Acorn behaviour data
- Visualisation of physical barriers to walking
- Possible use of walk time areas rather than a raw radius

**Is a Community Shop needed in Oldham** – would all residents of Oldham benefit from having a Community Shop in the Borough? A recent Welfare Reform report (June 2015), indicated that approximately 24,500 (10.7%) of the population in Oldham were in food poverty. There is not the opportunity to make this facility available for all residents who meet those criteria as Company Shop is tightly bound to agreements with their suppliers and also this would generate too much demand.

### 3. Key questions for Overview and Scrutiny to consider

**1. Would the introduction of a Community Shop be a feasible proposition in Oldham?**

*Does a Community Shop and its operating model outline a feasible business plan that could work in practice in Oldham.*

**2. Would a Community Shop be beneficial for Oldham residents?**

*Are the benefits of the Community Shop model right for communities in Oldham as a co-operative Borough or would there be any disadvantages.*

**3. Is the Community Shop model the best option for Oldham?**

*Does this model provide the best opportunities for residents and could an alternative model be explored.*

**4. Does Community Shop offer value for money?**

*Are the outcomes of having a Community Shop a worthwhile investment.*

**5. Are there any other considerations that may impact on having a Community Shop in Oldham?**

*Should anything else be taken into account in any future discussions around a Community Shop.*

Any discussion points will be taken forward in the decision making.

## 4. Additional supporting information

**Appendix 1 – Retail location in Lees**

**Appendix 2 – Retail location in Royton**

**Appendix 3 – Briefing on Community Shop** – produced by Community Shop

**Appendix 4 – What’s needed to establish a Community Shop store in your area** – produced by Community Shop

**Appendix 5 – Impact Assessment (Barnsley)** – produced by Community Shop

### Case Study 1

A Community Shop pilot store in **Goldthorpe (Barnsley)** has helped 500 people in work and on the cusp of food poverty, in the first six months. It provided food in the communities at a third of normal retail prices. Members also have regular access to the support offered by the store’s Community Hub, located in the same building.

In the first three months of Community Hub’s operation, 372 people worked with a mentor to create a personal development plan, bespoke to their needs. This provided a range of training programmes such as CV-writing to employability training, budgeting advice to debt management. Many members were trained by other members, who had been recruited as Peer Mentors with 20 people following a nationally accredited Level 2 training plan.

In addition, in the first six months it’s helped:

- 38 people manage almost £180,000 debt, by contacting creditors and renegotiating repayments
- Members claim an extra £3,600 in welfare payments to which they were entitled
- 112 people receive individual health training
- 96 people attend a six-week cookery course
- 49 people receive foundation skills training
- Provide contact to 18 voluntary and statutory agencies through Community Hub, meaning members have access to another 200 hours of help, advice and training every week through Community Hub
- Redistribute and sell the equivalent of 50,000 meals a month

### Case Study 2

Below is an insight in to a Community Shop drawing on experience from currently operating models and could form part of the considerations for Oldham.

- Community Shop works best through a collaborative approach involving and engaging a range of partners to work together to support a shop in a local community
- It supports residents into employment and provides intervention to local communities in areas of high deprivation that need support
- It provides an alternative model and different way of working to help support residents in need
- It can link into wider food partnerships and food strategies
- Community Shop is not a long-term solution to address food poverty
- Suitable space and permission is required to set up a Community Shop which needs to be found
- The council provided support and assistance in establishing a Community Shop (e.g. finding a suitable and workable location)

Information on the experience of a Community Shop in **Lambeth** is available via a blog for the Co-operative Councils Innovation Network [here](#).

**Outcomes:**

A survey of respondents in Goldthorpe (Barnsley), 10 months into the store being open, identified the following outcomes:

Greater financial security

- 73% reported that they felt better off financially since the training
- Barnsley Citizen's Advice Bureau (CAB) reported that they helped 60 members write off a total of £13,200 worth of debt through the satellite CAB service provided in the shop

Increased monthly savings

- Trainees reported that they saved, on average, an extra £53 a month

More success in finding work

- 15% of members who have completed training have been able to access employment. This reflects 4% of the total membership, as training started 4 months after the shop opened

Healthier lives

- 85% reported they made positive healthy changes in their lives including increased physical activity or healthier eating
- 62% reported greater mental wellbeing due to the incentive to get up and out of the house, speak to people and make friends.
- 65% reported they now ate more fruit and vegetables

More confidence and empowerment

- 92% reported they felt more confident as a result of the training
- 77% reported that they felt more positive about their future



**Table 1 – Outlining the different elements of the Community Shop model**

COMMUNITY SHOP	
<b>Purpose</b>	To offer food and products, at up to 70% the normal retail price, to anyone living in a defined area of a store and who is in receipt of one or more social benefits. <i>‘To fill a gap between food banks and mainstream retail’</i>
<b>Leading Organisation</b>	<b>‘Community Shop’</b> is a social enterprise which operates under a parent organisation, <b>Company Shop</b> . Company Shop is the UK’s largest redistributor of surplus food handling more than 30,000 tonnes of surplus food each year. It is a members-only business, managing residual stock to provide a safe, environmentally sound, cost effective and discrete solution for the disposal of surplus stock. They are based in Barnsley.
<b>Customer</b>	<b>Members</b> (typically lower income or at risk residents) who are at risk of food poverty. Members qualify if they meet the following criteria: <ol style="list-style-type: none"> <li>1. Live in a specific area, chosen in line with the Government indices of deprivation, and a defined area of a store</li> <li>2. Live in a household that receives some form of Government income support (e.g. Income-based Jobseeker's Allowance, Income Support, Housing Benefit/Local Housing Allowance, Income-related Employment and Support Allowance, Council Tax Benefit, Pension Credit)</li> <li>3. Sign up to the development programme and Community Hub support</li> </ol>
<b>How it works?</b>	It offers savings to members on food and goods by selling surplus produce which larger retailers and brands can’t use – either due to labelling errors, mis-forecasting or a short shelf-life. Members qualify for this access as residents living within a defined area of a store and who are in receipt of one or more social benefits (listed above). The money made from sales is then invested in to stores and the support services on offer. <i>Note – it does not sell alcohol or tobacco.</i>
<b>Wider offer</b>	Members are also enrolled on a programme of wider support (free of charge) via a ‘Community Hub’ which provides assistance in a range of areas; skills training, employability, financial advice and cookery classes.
<b>Potential Advantages</b>	<ul style="list-style-type: none"> <li>• <b>Supporting at-risk residents</b> – the shop targets residents in need of financial support and provides low cost food and products to lower income residents in areas of high deprivation</li> <li>• <b>Wider offer</b> – the initiative provides services in addition to the shop through the Community Hub, including mentoring and skills training</li> <li>• <b>Environmental sustainability</b> – the shop sells food and produce which may otherwise have gone to waste, compost or landfill, reducing the environmental impact and carbon footprint of the food supply chain and minimising</li> </ul>

	<p>waste</p> <ul style="list-style-type: none"> <li>• <b>Proven track record <i>internationally</i></b> – the social supermarket concept and model is well established across Europe with over 1,000 examples in Spain and Greece<sup>2</sup></li> <li>• <b>Partnership working</b> – Community Shop have established links with large national companies and supermarkets such as ASDA, Tesco, Morrison's, Co-operative Food, Marks &amp; Spencer, Ocado and Tetley. These links present the potential for further investment and support for wider community development.</li> </ul>
<b>Potential Disadvantages</b>	<ul style="list-style-type: none"> <li>• <b>Customer (Members-only)</b> – the shop only benefits certain members of society who must prove their entitlement to reduced-cost goods which could neglect residents e.g. those who live and survive just above the line of benefit entitlement.</li> <li>• <b>Reputation and perception</b> – there may be negative connotations associated with endorsing or supporting a social supermarket designed solely for residents living in areas of high deprivation.</li> <li>• <b>Unknown track record <i>nationally</i></b> – social supermarkets are a relatively new concept in the UK, the current scheme in Barnsley launched in December 2013</li> <li>• <b>Impact on food providers</b> – a Community Shop offering low cost food could impact on food banks or local retailers who provide discount food. Food bank users who qualify for Community Shop membership may be disproportionately supported compared to food bank users who are not members.</li> <li>• <b>Cultural sensitivities</b> – the food in store depends on the provision of surplus stock, which is subject to change, and the food stocked would need to be sensitive to different cultures in the area.</li> </ul>

<sup>2</sup> <http://www.community-shop.co.uk/news/dearne-to-host-first-social-supermarket.aspx>