

“Measuring the social  
value of charity  
shops...”

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## **GIVING SOMETHING BACK**

Ally Paget  
Jonathan Birdwell



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Any errors or omissions of course remain entirely the authors' own.

Alexandra Paget  
Jonathan Birdwell  
November 2013



# Executive summary

From its origins in Salvation Army ‘salvage stores’ at the turn of the twentieth century,<sup>1</sup> the charity retail sector has evolved and expanded considerably. Faced with increased demand driven by the economic downturn, the rising cost of living, and a shrinking public sector, charities depend more than ever on their stores as a stable source of funding for the services they provide.

Yet charity shops have a value beyond fundraising for parent charities. Charity shops provide valuable recycling services and inexpensive goods to an increasingly large section of the population. According to our survey of the public, six in every ten of us have purchased from a charity shop in the past year, and nearly eight in every ten have donated goods.<sup>2</sup>

They also provide a number of important social and economic benefits to individuals – including customers, donors or volunteers – and local communities across the UK, and are increasingly vital to Britain’s struggling high streets.<sup>3</sup>

Long before the recent recession, the effects of rising online sales and out-of-town retail growth was adversely impacting on high streets, precipitating the disappearance of 15,000 stores from town centres between 2000 and 2009.<sup>4</sup> Our research suggests that the state of Britain’s high streets would be even worse if it were not for the presence of charity shops.

Although not the first to consider the social and economic dimension of charity shops, in this report we present the most comprehensive research to date about the benefits these shops provide to local communities in recession-hit Britain. By calculating the social value of a service or activity we can assess its intangible benefits – such as its impact on the environment or on a person’s mental health and well being – and quantify it to ensure the full capture of value. Previous Demos reports *Measuring Social Value* and *Measuring Up* have focused on the

calculation of social return on investment in the public and corporate sector.<sup>5</sup> We draw on that work in this report and argue that charity shops sit at the centre of a rich and under-acknowledged network of social and economic goods.

## Methodology

We undertook a range of quantitative and qualitative research to explore the benefits that charity shops provide, including:

- three focus groups with experts from the charity and retail sectors, town planners and economists, and members of the public, in London and Rochdale
- a representative survey of 2,200 members of the public
- a survey of 300 charity shop managers and volunteers
- semi-structured interviews with charity shop managers and volunteers, independent retailers and local authority staff in six areas of the UK: Margate, Morpeth, Newport in Wales, Paisley in Scotland, Birmingham city centre and Newry in Northern Ireland
- a comprehensive review of all the available quantitative evidence from our case study areas – both local economic health indicators (including footfall, change in rental values, and vacancy rates) and trends relating to charity retail over the past five years

## Findings

Our research identifies a number of ways in which shops have a positive impact on individuals and on communities. Their environmental contribution is colossal. Estimates suggest that UK charity shops' reuse activity helps reduce CO<sub>2</sub> emissions by about 3.7 million tonnes per year<sup>6</sup> – roughly equivalent to the entire carbon footprint of Iceland.<sup>7</sup>

They also provide social value through building employment skills and preparing people for a return to work, and by providing opportunities for social interactions, which

combats isolation and improve wellbeing, potentially reducing reliance on health and care services.

Charity shops' greatest strength lies in their strong link with local communities, which is forged through a large, and overwhelmingly local, pool of staff and volunteers. As a result of their unique place in the community charity shops can bring a new and powerful voice to the regeneration of Britain's high streets.

Our findings are discussed below.

### **Charity retail is vital to charities' incomes and the health of the high street**

While they account for only 0.39 per cent of UK retail sales, charity shops generate as much as 18.7 per cent of UK charities' total income.<sup>8</sup> They are an important lifeline for recession-hit charities, through their fundraising and by boosting their public profile; according to our public polling, 59 per cent of people believe that charity shops' presence on the high street encourages people to give to charity. In this respect, charity retail has taken on particular importance as a source of charitable funding. At the peak of the recession the total amount given to charity declined by 13 per cent,<sup>9</sup> and 59 per cent of charities report having been affected by the downturn.<sup>10</sup> The charity retail sector itself has not been immune to the recession; it has faced the challenge of meeting increased demand with a reduced supply of donated stock, as people have been more inclined to hold on to old clothes for longer or used them to generate cash. However, in this overall climate charities stand only to benefit from having more income streams, and retail has proved a robust and reliable one.

Moreover, our economic analysis (see Chapter 4) suggests that the growth and continued presence of charity shops may have maintained footfall to high streets, which are suffering from the downturn as well as the longer-term effects of seismic changes in the retail landscape.

### **Charity shops are increasingly important for members of the public due to the increased cost of living**

The minimum cost of living in the UK has risen by as much as 25 per cent since the start of the recession,<sup>11</sup> and prices continue to rise at a much faster rate than wages.<sup>12</sup> The impact is being felt at all levels of society, including the poorest and the so-called 'squeezed middle'. This is reflected in the steady broadening of charity shops' customer base. Our public polling shows that the AB and C2 groups are the most likely to buy and to donate goods, challenging the view that charity shops are the preserve of any one socioeconomic group. In our public polling, 38 per cent of all social groups said they would be 'likely' or 'very likely' to buy second hand from charity shops as a way of saving money.

### **Charity shops provide significant benefits to individuals through opportunities for volunteering and employment**

Charity shops employ an estimated 17,296 staff across the UK, and have a volunteer workforce of some 213,380.<sup>13</sup> At a time when unemployment stands at 7.6 per cent,<sup>14</sup> this level of employment assists the economy as a whole as well as benefiting individuals. Of the volunteers who responded to our survey, a third were retired and one in five were in the process of looking for paid work. Volunteers said they valued the chance to gain retail experience as a path to paid employment or back into employment after a period of illness or injury. Charity shops also provide a place for those with poor physical or mental health to interact socially and build self-esteem.

### **Charity shops provide a space for social interaction for volunteers and members of the public, facilitating local cohesion**

Our research demonstrates that charity shops combat social isolation in their local communities among volunteers and customers. Respondents to the public survey and large numbers of volunteers and staff report that older and other vulnerable people use shops to 'drop in' for a chat. One in five members of the public said they had met or talked to someone new in a charity shop, while 30 per cent said they provided a space for

social interaction, 29 per cent said they provided a sense of community and 28 per cent said that charity shops encouraged different generations to meet. Our research shows that the employees and volunteers in charity shops are overwhelmingly from the local area, and value charity shops for social interaction. Over 90 per cent of volunteers cited ‘socialising and meeting new people’ as a benefit of volunteering, while one in ten cited this as the most important benefit they received from volunteering.

**Charity shops are well placed to cater to the specific needs of their local community through local partnerships and access to services**

Social value is most effective where it has the flexibility to be responsive to local needs. Our research revealed some excellent and innovative examples of effective local partnerships, including South Bucks Hospice’s four-way partnership with the local council, a nearby prison and a waste management company, and a charity shop in Wales which set up a mobile sale stall in a local care home. Our research found that some charity shops are used as ‘gateways’ and signposts to charities’ services and even to deliver services directly (as with housing advice at some Shelter stores). More generally, charity shops have a potential for showcasing, promoting and hosting services, which is often underexploited.

**Members of the public and retailers are generally positive about charity shops on British high streets**

Our survey of the public revealed mostly positive attitudes towards charity shops. For example, three out of four (74 per cent) respondents were supportive of charity shops receiving 80 per cent business rate relief. Similarly, our interviews with charity shop managers, volunteers and independent retailers highlighted the benefits of charity shops to the community and the high street. Those independent retailers who had negative attitudes towards charity shops tended to perceive them as a source of competition in an already difficult economic environment.

Positive attitudes among the public were linked to transparency about how the money raised from charity retail is spent.

### **There is no evidence that charity shops are having an adverse economic impact on the high street**

Our analysis and our public survey results suggest that the growth of charity shops on the high street is a symptom, rather than a cause, of high street decline. Specifically, our economic analysis of available data found that charity shops do not increase rents for other shops on the high street and do not prevent small and medium-sized businesses from opening on the high street. There is no evidence to suggest that the growth of charity shops is causing or facilitating high street decline.

### **Charity shops are stabilising the high street in a difficult economic climate and will be increasingly important to the evolution of British high streets**

Contrary to the view that they are having a negative impact locally, charity shops appear to be exerting a stabilising influence on ailing high streets as they have ensured that footfall remains steady, they cater to specific local needs, and they fill shops that would otherwise be empty. They are also preventing increases in crime and antisocial behaviour by occupying vacant premises.<sup>15</sup> Moreover, our public polling showed that, after occasional shopping, people's most common reason for visiting their local high street was to access services (55 per cent of people). With charity shops increasingly providing access to services, they can potentially be leaders of the 'evolution' of the high street.

### **Recommendations**

We make the following recommendations:

- *The Charity Retail Association should stimulate discussion about social value among charities to promote strategic thinking about the issues involved.* Our report highlights the positive but largely hidden

impact that all charity shops have – an impact that runs deeper than local services to encompass ‘ancillary’ benefits of recycling, employment, volunteering, etc. Regardless of whether funds are spent on national medical research, international aid or local services, all charity shops have the potential to create a strong local ‘root network’, because they are so much a part of their communities.

- *Charity shops should translate what individual shops’ fundraising means in terms of tangible outcomes and advertise this on shop fronts.* Parent charities that run charity shops should follow the lead of the British Heart Foundation and explore what impact they can have directly on local communities as a result of the income generated by those charity shops. This could help to strengthen the argument for their presence on the high street, and demonstrate the social value benefits they have.
- *The Charity Retail Association should work with expert partners to develop a toolkit that charity retailers could use to quantify and present their social value.* To work towards a social return on investment calculation for the entire sector, each individual charity should begin to understand and quantify its own social value. This report is the first step in this process. The Charity Retail Association should build on the research presented here and develop a toolkit that charities could use for this purpose.
- *Local authorities need to collect better data on the health of their local high streets.* High street revitalisation is dependent on adapting to changing consumer trends.<sup>16</sup> If local authorities are to take responsibility for this process, the first step must be improved collection and monitoring of baseline data on the current state of the high street – footfall and spend, shop closures and retail mix.
- *Local health and wellbeing boards and Jobcentre Plus should do more to promote volunteering in charity shops.* Our research revealed that individuals who are volunteering in charity shops have greatly benefited from the experience, particularly valuing the social

interaction it provides and the contribution to their mental health. Yet, only a very small percentage of volunteers are referred to charity shops through Jobcentre Plus. There are potentially significant gains to be made in individual wellbeing, community resilience and expenditure on health and care by promoting local opportunities to volunteer.

- *Local authorities need to ensure that charity retailers are involved in local regeneration initiatives.* While there are some notable exceptions, our research suggests that charity retailers are being left out of local regeneration initiatives. This is a significant gap given their established presence on the high street. Local authorities need to ensure that charity retailers are at the centre of regeneration initiatives and charity retailers should be proactively engaging in regeneration strategies.

# Introduction

Whether it is Cancer Research UK, Oxfam or the local hospice, every town has at least one. Charity shops have become a high street fixture at a time when British high streets have been characterised by struggle and change.

Charity shops offer an opportunity for many people to find unique and essential goods at bargain prices. Some families on a low income rely on them to make ends meet. This is increasingly true for many in the middle classes, whose average income has declined while costs have continued to rise.

At their best, charity shops can provide a highly rewarding consumer experience, giving people the satisfaction of having found a desirable item, at an attractive price, while benefiting charity and the environment in the process.

Of course, the quality of charity shops can vary significantly. Some still conform to the persistent stereotype of selling damp and disordered stock, but increasingly this is becoming an outdated stereotype. Charity retail today is highly professionalised: goods are clean, shops are well stocked and displays are expertly laid out, with high quality donated brand name items at affordable prices.

This shift has been driven by changing consumer expectations and increased competition – with the likes of eBay and cash-for-clothes shops for donations, and low cost high street retailers for sales. But it has also come about from the general realisation that charity retail is a genuine contributor to the work of charities across Britain.

This report considers the wider economic and social benefits that charity shops generate to individuals and communities, beyond their value as fundraisers and retailers.

## A very British institution

The charity shop in its contemporary form stems from efforts by charities after the Second World War to raise donations for the war effort. One of the first shops was established in 1947 in Oxford, when Oxfam was overwhelmed by donations from the public in response to an appeal for aid to alleviate the post war famine in Greece. The shop on Broad Street is still in operation today.<sup>17</sup>

Since then, the number of charity shops in the UK has grown significantly. There are estimated to be around 8,400 charity shops in England, raising around £240 million for charity each year; 500 charity shops in Wales, raising nearly £15 million annually; and 900 in Scotland raising £26 million annually. In Northern Ireland, just under 300 shops bring in £8.5 million each year for their parent causes.<sup>18</sup>

## The benefits of charity retail

The core purpose of charity shops is to raise money for charity, and they have become a lucrative and essential component of many charities' income. According to a 2009 figure, 18.7 per cent of the total income of charities now comes from charity retail.<sup>19</sup> The 78 largest charities that run charity shops as part of their work generate an average of 27 per cent of their total income from their stores, while across all charity retailers the proportion ranges from 3 per cent to 100 per cent.

The extent of charities' reliance on retail is complex, and cannot be predicted by either the size of the charity or the number of shops it has. The seven charities for whom shop income makes up more than half of total income are a mixture of large and small, national and international operations, local causes and household names; they include Oxfam Ireland and the British Heart Foundation on the one hand, St Peter's Hospice and Home Start Teesside (which has just four shops) on the other. Somewhat surprisingly, there is no significant relationship between the number of charity shops run by an organisation and the shops' profitability. Indeed, the charities running the most profitable shops may be the ones that are less reliant on income.<sup>20</sup>

Charity shops provide significant environmental benefits, providing citizens with somewhere to donate their unwanted goods, rather than simply throw them away, and encouraging reuse of goods. Estimates suggest that UK charity shops' reuse activity alone helps reduce CO<sub>2</sub> emissions by about 3.7 million tonnes per annum<sup>21</sup> – roughly equivalent to the entire carbon footprint of Iceland.<sup>22</sup> Oxfam receives between 800 and 900 tonnes of donations most months, rising to over 1,000 tonnes in January, when shops benefit from unwanted Christmas gifts. In Scotland, over 45,000 tonnes of goods are donated to charity shops every year. Only a very small percentage of donated goods are wasted: goods that are not sold in the UK are sold to either textile reprocessing plants or abroad.

Charity shops provide local job opportunities as well as a place for local citizens to volunteer. Some people volunteer for the social interaction with other volunteers and customers, or as a way of giving back to charity and the community. Others do so for work experience or to move back into work following illness or prolonged unemployment. Volunteering at a charity shop can build confidence and social skills, and improve the wellbeing of those with disabilities who are unable to work full time or regularly.

### **This report**

This report presents research undertaken by Demos to explore the full spectrum of economic and social value provided by UK charity shops. There is a growing consensus that measures of economic value are insufficient to capture the whole impact of businesses, charities and government programmes. Moreover, at a time of austerity, concern for value for money is paramount.

By calculating the social value of a programme or activity we can assess its intangible benefits and benefits to individuals – such as boosting health and wellbeing – and communities, including its environmental impacts. Efforts to capture these benefits have focused on determining ways of quantifying and monetising these benefits. While a wide range of different approaches and models for measuring social value have

proliferated in recent years, increasing numbers of businesses and charities are focused on the social return on investment (SROI) model, developed by the research institute the New Economics Foundation (NEF). The SROI model is the Coalition Government's preferred approach.

In the Demos report *Measuring Social Value*, we explored the capacity of third sector organisations to capture and measure the social value generated by their activities through the SROI model.<sup>23</sup> More recently, the Demos report *Measuring Up* endeavoured to construct a new model for social value that could enable private companies to explore and capture the social value of corporate social responsibility and sponsorship activities. In particular, it set out a framework to measure Coca-Cola's sponsorship of the London 2012 Olympic and Paralympic Games.<sup>24</sup>

For this research we combined qualitative and quantitative techniques with a range of stakeholders to explore the economic and social value of charity retail.

First, we ran a series of structured workshops with members of the public and sector experts to identify the indicators of economic and social value that are particular to charity retail. We ran two workshops in London and one in Rochdale, which is often cited as a depressed town centre. In each of the workshops, participants identified benefits that charity shops provided and ranked them in order of importance.

Second, we conducted quantitative surveys of the public, charity shop managers and charity shop volunteers. We commissioned Populus Data Solutions to conduct a nationally representative survey of over 2,200 British citizens, exploring their attitudes towards charity shops, the high street and the benefits that charity shops provide. We included boosters to achieve representative samples for Wales, Scotland and Northern Ireland.

We recruited heads of retail for national and local charities to disseminate links to an electronic survey hosted by Survey Monkey to charity shop managers and volunteers. We received over 300 responses. The questions explored respondents' perceptions of the impact of charity shops in their local

community and their individual experiences as employees and volunteers.

Third, we undertook in-depth and detailed qualitative case studies of six locations across the UK: Birmingham, Newport in Wales, Morpeth, Paisley in Scotland, Margate and Newry in Northern Ireland. In each of these areas, we conducted semi-structured qualitative interviews with managers and volunteers in the shops of regional and national charities, independent retail managers and local authority staff with responsibility for regeneration. Four of these case studies are presented in detail in between the main chapters of this report; the additional two are presented in appendix 1.

Finally, we undertook a review of quantitative evidence of economic health indicators of a local area and trends relating to charity retail.

In the following chapters we present the findings of our research. In chapter 1 we discuss debates around social value in more detail. We also present the findings of our public and expert workshops – the list of social value indicators that apply to charity shops. In chapters 2 and 3, we discuss the social value benefits to individuals and communities, respectively. In chapter 4 we look at the decline of the British high street and how charity shops might help to regenerate high streets. In the concluding chapter we present our recommendations. Appendix 1 contains our two case studies on Birmingham city centre and Newry. Appendix 2 describes the methodology underlying our quantitative, economic discussion in chapter 4.



# 1 Measuring the ‘social value’ of charity shops

Calculating the ‘social’ value of charity retail is not straightforward. Charity retail has a long chain of beneficiaries and provides a number of ‘social’ benefits that are difficult to monetise. However, recent efforts to capture and measure social value could dramatically change the way in which charity shops consider and demonstrate their value. In this chapter we present a brief summary of efforts to measure social value, and the indicators of social value for charity shops that emerged from our research through workshops with members of the public and experts.

## A boon for charities

The emergence of charity retail provided a lucrative and valuable source of income for a wide range of charities in the UK. The most obvious beneficiary from charity retail is the parent charity that operates the shop. As noted above, there are approximately 8,400 charity shops in England, which raise around £240 million for charity annually; 500 charity shops in Wales, raising nearly £15 million for charity annually; 900 in Scotland raising £26 million annually; and just under 300 shops in Northern Ireland, bringing in £8.5 million annually for their parent causes.<sup>25</sup>

The beneficiaries of parent charity activities are the individuals and communities that the charity aims to help. For example, Cancer Research UK contributes funds to medical research, Oxfam focuses on international development, while St Mungo’s helps the homeless. In general, the work of charities is aimed at the most vulnerable members of society, and in many instances constitutes an essential lifeline to these individuals and society in general. If there are fewer charity shops less money will

be raised by charities, which could have negative knock-on effects for those who rely on charities.

### Defining social value

Beyond the money they raise, charity shops employ staff and provide volunteer opportunities for thousands of individuals. They save the public the cost of paying out-of-work benefits to some employees, and volunteers can benefit from the social interaction involved – with subsequent improvements mental health and wellbeing. Sometimes volunteers use their experience to apply successfully for paid work after having been unemployed.

Charity shops provide significant environmental benefits through the reuse and recycling of goods, which saves landfill space and helps the UK reduce its CO<sub>2</sub> output. Goods that are not directly sold in the UK are either sold on to textile remanufacturing plants, or sold in developing countries abroad.

Finally, charity shops can provide a sense of community, and help to facilitate social interaction and cohesion. Perhaps more than any other retail outlet, charity shops attract a diverse range of customers and staff members. They can be the retail shop of choice for people with different incomes.

In sum, the social value of charity shops includes:

- the amount of money raised for each charity
- services provided by those charities with the money raised
- the number of people employed in charity shops and resulting benefits
- the number of people volunteering in charity shops and resulting benefits
- environmental impacts of reusing and recycling goods
- benefits to social interaction and cohesion

Thus the total value of charity shops goes far beyond the amount of money they raise for their parent charities. However, highlighting these benefits – or social value – is one thing; quantifying them is significantly more difficult.

In *Measuring Social Value*, Demos surveyed the range of different approaches to measuring social value, with varying degrees of emphasis and rigour in quantifying values. As we do not reproduce that overview here, we recommend that interested readers refer back to that report.<sup>26</sup>

As noted in *Measuring Social Value*, there is no single authoritative definition of social value. According to NEF, which developed the SROI framework, social value ‘incorporates social, environmental and economic costs and benefits into decision making, providing a fuller picture of how value is created or destroyed’.<sup>27</sup> The most widely used model of social value – SROI – functions by ascribing monetary values to the intangible or ‘soft’ benefits mentioned above.

The main outcome of an SROI calculation is therefore a ‘SROI ratio’ – the ratio of total benefits to total investments. For example, NEF research into a training programme for ex-offenders found that £10.50 of social value was created from every £1 invested. Similarly, it has been estimated that every pound invested in the Every Child a Reader initiative – an intensive, one-to-one mentoring programme – saves society between £11 and £17 over the course of a child’s lifetime.<sup>28</sup> The challenge for the charity retail sector is to calculate whether a similar SROI ratio is achievable and appropriate.

### Calculating social return on investment

As we have argued in *Measuring Social Value* and *Measuring Up*, the need to measure social value has become increasingly entrenched, but the process of doing this – and the ability of organisations to undertake these measurements – has not. There is inevitably a trade-off entailed between methodological rigour, and the capacity of organisations to allocate the time and resources needed to undertake such a measurement. With finite resources, the amount invested in measuring social value inevitably ends up taking away resources from the activities that actually create social value in the first place. This can be particularly true for small and medium-sized charities, where every pound counts.

Moreover, the diversity of different approaches can leave many organisations confused and overwhelmed. The SROI model is the agreed ‘gold standard’ of social value measurement, primarily because it is the most rigorous and ascribes monetary values to all instances of social and intangible benefit. However, there are a number of drawbacks to the SROI framework. For example, because of the focus on measurability, there is a risk that the SROI model privileges those outcomes that are easily measured over those that might be more important and useful in certain contexts.

Similarly, because of its emphasis on quantifiability, the SROI model is unable to incorporate qualitative aspects of social value. For example, the social interaction aspects of charity shops would be extremely difficult if not impossible to measure. However, charity shop managers, volunteers and members of the public say that the interactions that take place in charity shops are important and unique compared with those in a wide range of other shops or places within the community. Those measuring social value in the charity retail context must therefore be able to quantify benefits as far as possible, but also match this with qualitative insights of value. While the SROI model may be appropriate for the charity retail sector in the future – or even for some larger charities in certain contexts – a more flexible and inclusive approach is needed currently.

### **Identifying the social value of charity retail**

In order to identify the precise indicators that are relevant to the charity retail sector, we held three structured workshops as part of this research. Two were with members of the public – in London and Rochdale – and one with experts. Our experts included members of the charity retail sector, academics focusing on social value, independent retailers and people working in town regeneration and planning. None of the 21 individuals who took part had ever worked in a charity shop; 13 (62 per cent) had shopped in a charity shop in the last 12 months; and 19 (90 per cent) had donated to a charity shop in the last 12 months.

Our list of indicators for the benefits of charity retail included:

- fundraising
- awareness raising
- providing cheap and affordable goods
- recycling
- providing local volunteering opportunities
- encouraging different generations to meet
- filling empty shops
- providing opportunities for social interaction
- competing with other shops
- providing local employment opportunities
- acting as hubs or information points

Workshop participants were able to submit additional indicators, though the majority stuck with the above list. Workshop participants were divided into small groups and asked to discard those indicators of social value that they felt did not apply to charity shops. While responses differed greatly, the most common indicators that were discarded were those that had to do with social interaction and cohesion benefits:

- acting as hubs or information points
- providing opportunities for social interaction
- competing with other shops
- providing local employment opportunities
- encouraging different generations to meet

One of the findings from our research discussed further below is that the removal of these benefits by groups in the workshops contrasts significantly with the views of the public and charity shop managers and volunteers. Indeed, members of the public, charity shop managers and volunteers thought that charity shops provided these benefits to local communities. Thus, we argue that there is scope for charities to highlight and develop these aspects of what they do further.

Participants were asked to rank the indicators according to how successfully charity shops provided these social benefits. Again, responses differed. This is the most common ranking order, from most important or achievable to least:

- 1 fundraising
- 2 awareness raising
- 3 providing cheap goods
- 4 recycling
- 5 providing opportunities for social interaction
- 6 providing local volunteering opportunities
- 7 competing with other shops
- 8 filling empty shops
- 9 providing local employment opportunities
- 10 providing a sense of community
- 11 encouraging different generations to meet
- 12 acting as hubs or information points

Participants were asked to assign each of these social value indicators to one or multiple beneficiaries. The options included: the business (the parent charity), the individual and the community. The result of this classification process is provided in figure 1. We explore these benefits in detail in the next chapters.

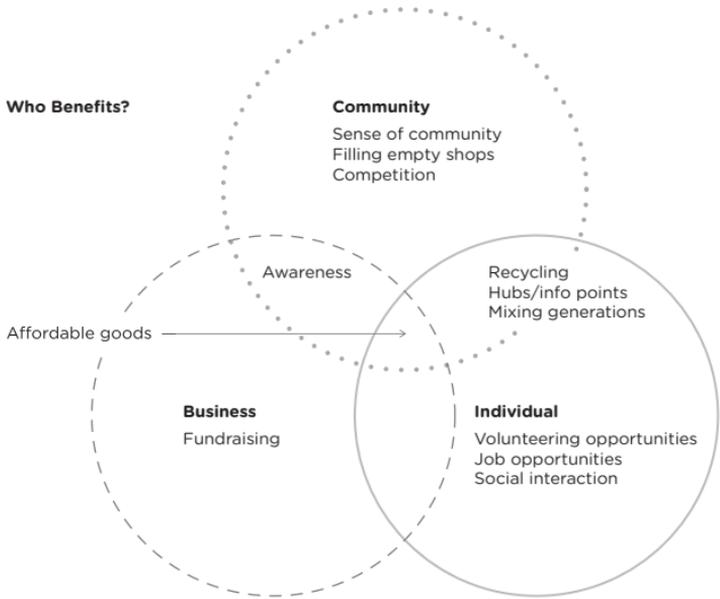
### **Case study area 1: Morpeth**

*The Morpeth case study demonstrates the strain on the high street from wider trends in retail, including out-of-town shopping and business rates that have not kept pace with declining footfall. It also shows that charity shops can serve as a stabilising presence, ensuring vacated premises are filled, maintaining footfall, and preventing rises in crime and antisocial behaviour.*

*Morpeth is a historic market town in Northumberland, with a population of 16,000.<sup>29</sup> Although its large public sector workforce has suffered recent job losses, it remains a relatively affluent centre.<sup>30</sup>*

*Following severe flooding in 2008 and again in 2012 a*

Figure 1 **Social value indicators grouped according to beneficiary**



*number of long-established independent businesses were forced to close permanently. More recently, some high street chains such as Next have moved out of the area. However, while ‘churn’ has been high, the overall vacancy rate has remained reasonably low, as closed shops have been replaced. Although unsuccessful in a bid to become a Portas pilot town, in 2012 the town team received a £10,000 government grant to enact its development plan.<sup>31</sup> This included a town loyalty card scheme, market events, weekend parking, a mobile app, and development of a ‘More in Morpeth’ brand.<sup>32</sup>*

*While small, independent shops continue to dominate the two shopping streets, many feel under threat from recent changes. Despite strict planning regulations for out-of-town shopping,<sup>33</sup> retailers we spoke to were concerned that a new supermarket, though technically in town, would nonetheless reduce their custom.*

*Likewise, the £32 million Sanderson Arcade development has had a mixed reception from local businesses. Since its opening in late 2009, the Arcade has attracted widespread custom, but business owners on nearby Newgate Street believe it has diverted footfall from their shops. They have set up an action group to petition the council for a recalculation of the business rates to reflect this change of retail focus.<sup>34</sup>*

*The Arcade's relatively high-end shops are widely considered to be catering to visitors – including daytrippers from nearby Newcastle – rather than locals. Morpeth's charity shops are therefore seen to address a significant gap in the provision of affordable clothes for the local population.*

*But charity retailers we spoke to in Morpeth were not solely focused on local custom; they saw themselves as equal contributors to the town's attractiveness as a shopping destination. This was reflected in the particularly high standards of visual merchandising we found there.*

## 2 Social value to individuals

This chapter focuses on the benefits to individuals who are directly engaged with charity shops, primarily through the opportunities for employment and volunteering that charity shops provide. While there is a large body of research into the benefits of employment and volunteering more generally (some of which is outlined below), there is very little research into the profile of individuals who are employed or volunteer in charity shops specifically.

Thus, we present the research findings from the first ever survey of charity shop paid staff managers and volunteers. Our total sample size was just over 300 respondents, roughly evenly split between volunteers and managers. While not completely representative, our findings begin to shed light on who works and volunteers in British charity shops. We supplement the findings of our quantitative survey with qualitative research from our area case studies.

### Who are charity shop managers?

The charity retail sector in the UK employs over 17,000 people, the majority of whom work in shops, with others occupied in collections and warehousing and in regional and head offices.<sup>35</sup> The number of paid staff has grown in recent years; the majority of charity shops now have at least one paid member of staff.<sup>36</sup> The average salary for paid managers has also increased, reflecting the trend towards professionalisation in the sector. The average annual salary is now between £14,655 and £16,711.

Until now there has been very little research into charity shop managers – their profile, the benefits they receive from working and what they would be doing otherwise are relevant considerations for the calculation of social value.

### Local connections

Our survey found that charity shop managers tend to be strongly connected with their local areas: 70 per cent of managers were from the local area in which the charity shop was located and many had lived locally for a significant period of time. Just over 40 per cent of managers lived locally for more than 20 years compared with just 2.8 per cent who had lived there for less than a year.

Shop managers had often remained in their jobs for several years. Just over 40 per cent had worked in their charity shop for more than five years of which almost a third (11.9 per cent) had been involved for more than ten years. A further 43 per cent had worked in the charity shop for between one and five years. Most were in the prime working age range of 26–65 years old: 18 per cent were 26–35 years old, 23 per cent were 36–45 years old and 19 per cent were 56–65 years old.

This suggests that charity shops offer good jobs for local people of working age who then tend to stay working in them for a substantial period of time. This profile is especially important in economically depressed communities with high levels of unemployment.

### From volunteers to managers

Our survey found that people came to be charity shop managers through a variety of routes. The most common was having worked in the shop previously: approximately a quarter said that they came to know about the vacancy for their current role through volunteering at the shop. The example below illustrates how a volunteer became a manager.

Box 1

#### **From volunteer to manager**

*'E' had to end his ten-year career as a journalist because he had serious back problems and spent two years out of work with his injury. Facing the difficult challenge of getting back into work, he started volunteering at a charity shop for just four hours twice a week. Working in a shop was ideal because he found it easier to stand than sit and the shop provided an*

*environment that was understanding and supportive of his needs; colleagues helped him with lifting and bending and gave him the time he needed to build his capacity to work. Over time, E built up to 30 hours of volunteer work per week, which eventually led to a paid position.*

*The shop and the charity benefit from the skills E developed in his previous career – for example, his past experience of networking makes him a valuable asset in meetings with local businesses to encourage donations of stock. After a set of difficult circumstances, E is now back to feeling that he has a valuable contribution to make to his work and his community.*

Around two-thirds (65 per cent) of charity shop managers had previous experience working in retail, but only 9 per cent had experience working in the charity sector before. This suggests that as larger changes to the retail sector are reducing the number of job opportunities, those with retail experience are finding employment opportunities in the charity retail sector.

### **Calculating the SROI of paid employees in the charity retail sector**

While our survey only begins to scratch the surface, it does provide some insight into the profile and situation of paid employees in charity shops. Charities themselves are best placed to calculate the social value of the paid employment they offer for local communities. To calculate this social value they should consider:

- how many paid employees they have in a local area
- how many jobs are available in the local area at the current salary, with similar levels of experience and responsibility
- what employees would be doing if they were not employed in a charity shop
- how long they have been in the job for and how long they plan to be there
- what benefits they receive from the job, particularly with respect to well being

Ultimately, charities need to calculate the likely outcome for their paid employees if the charity shop were not there. For example, how likely would their employees be to get another job, or would they be likely to be unemployed because of a lack of similar opportunities? If it was likely that they would be unemployed, the calculation would then require consideration of the average cost to the public purse based on the employee's profile and how many dependants they have. The average length of unemployment in the area for a similar job would also need to be factored in, and then combined with studies about the potential mental health impacts of extended levels of unemployment. Some of these figures will be rough estimates, but engaging in the process of determining the figures can help charities calculate their wider social value to local job markets beyond simply talking about the number of jobs provided.

### Charity shop volunteers

While the social benefit of paid employees in the charity retail sector is certainly worth noting, the benefits to volunteers in the sector are more significant because charity shops provide more volunteering opportunities than any other institution, extending to over 213,000 people across the UK. On average, there are 21 volunteers per shop, spread between in-store functions and collection, warehousing and head office. The number of volunteers has been increasing substantially; for example, there was an increase of 6,500 volunteers in 2012 over those in 2011.<sup>37</sup>

Research shows that people are volunteering for longer periods of time, and thereby possibly gaining more benefit from the experience. The 2012 survey of charity shops by Civil Society showed the average time for volunteering was more than six hours a week for the first time in the sector's history. This figure varies significantly across different charities: Cancer Research Wales had the highest average with 20 hours per week, followed by YMCA England with 15 hours and a charity called 'Local Solutions' 12 hours. Volunteers with hospice-related charities are also more likely to volunteer for longer hours per week, which is

likely because hospice-related charities are more dependent on their volunteers than other charities are.<sup>38</sup>

### **The benefits of volunteering**

In general, there is an abundance of evidence showing the positive effects of volunteering. Both self-reporting studies and longitudinal research looking at the life outcomes of individuals who volunteer regularly show that volunteering can be a source of confidence, personal growth and skills development.

A well-known study of volunteering from 2000 showed that various types of volunteering activities have positive psychological and life benefits for individuals.<sup>39</sup> According to the research, these benefits arise out of volunteers' feeling of connection to others, so they build meaningful relationships, gain social and personal confidence, and ultimately have a stronger feeling of belonging. These personal experiences can lead to better health, work and life outcomes for those who volunteer.<sup>40</sup> Similar results have been found in studies of programmes across the world such as the AmeriCorps programme in the United States,<sup>41</sup> in numerous psychological studies<sup>42</sup> and in sociological analyses.<sup>43</sup>

Volunteers in the UK report these kinds of benefits from their volunteering activity. In the 2008 citizenship survey, 55 per cent of British volunteers said that they benefited from meeting people and making friends through volunteering, 65 per cent reported that volunteering gave them a sense of personal achievement and satisfaction, and 26 per cent said that it had helped to broaden their experience of life.<sup>44</sup>

Community Service Volunteers (CSV) has endeavoured to calculate the social value of its service, particularly for training and supporting volunteers. In a survey of volunteers, 58 per cent self-reported improved mental health as a result of the programme. One SROI-style assessment of a specific programme run by CSV found that for every £1 spent of volunteers, £3.38 of value was created.<sup>45</sup>

### What age are charity shop volunteers?

Our survey of volunteers helps to paint a richer picture of who these volunteers are. We found that just over one-third (38 per cent) of our volunteer respondents were retired, 20 per cent were looking for work and 18 per cent were students. Approximately 40 per cent of respondents to our survey were between 56 years and 75 years old, equally split between 56–65 years and 66–75 years. As their survey responses made clear, these respondents found that volunteering offered a way of staying active and socially engaged after retirement, while also giving back to the local community and charity in general.

This age profile is consistent with wider trends. Overall across Britain, retired people and those nearing state pension age still account for a large proportion of volunteers. According to research by the insurance company Aviva, 46 per cent of over-55s say they plan to volunteer in some form, and one in five within this group chose volunteering in a charity shop as their first choice. The Aviva research went on to calculate that the typical over-55 volunteer spends 193 hours per year volunteering in a charity shop, with the value of this work – if paid at minimum wage – equating to £1,197.<sup>46</sup> And yet the benefits of volunteering, particularly for those in old age, in providing a positive activity, combating loneliness and maintaining mental and physical health are likely to be enormous.

### Local connections

Like paid employees, volunteers are strongly embedded in local communities: 65 per cent of respondents had lived in the local area for 11 years or more, with 36 per cent living locally for more than 20 years. A further 12 per cent reported living in the local area for between six and ten years. Again, the connection of volunteers to the local area – particularly when based in economically depressed communities with few opportunities – is important to the consideration of social value.

Although volunteers work in charity shops for shorter periods than paid staff do, a surprising 49 per cent reported volunteering in the same shop for between one and five years

and a further 13 per cent have volunteered for five years or longer. The highest proportion came to volunteer through inquiring in the shop, seeing a sign or through a friend or relative. Only 5 per cent reported that a job agency or a job centre had suggested it to them. As the 2012 survey of charity shops suggests, despite growing numbers of volunteers there are also increasing concerns about finding new volunteers.<sup>47</sup> We recommend that referrals through job agencies or a job centre should be explored further.

Nearly one-third (29 per cent) of volunteers planned to go on to work or study, demonstrating the role of volunteering as a springboard to productive activities. Given the older age of many volunteers, it is unsurprising that nearly 40 per cent planned to continue in the same role and/or had no plans after volunteering, with a further 6 per cent saying specifically that they planned to retire or continue to volunteer in their retirement.

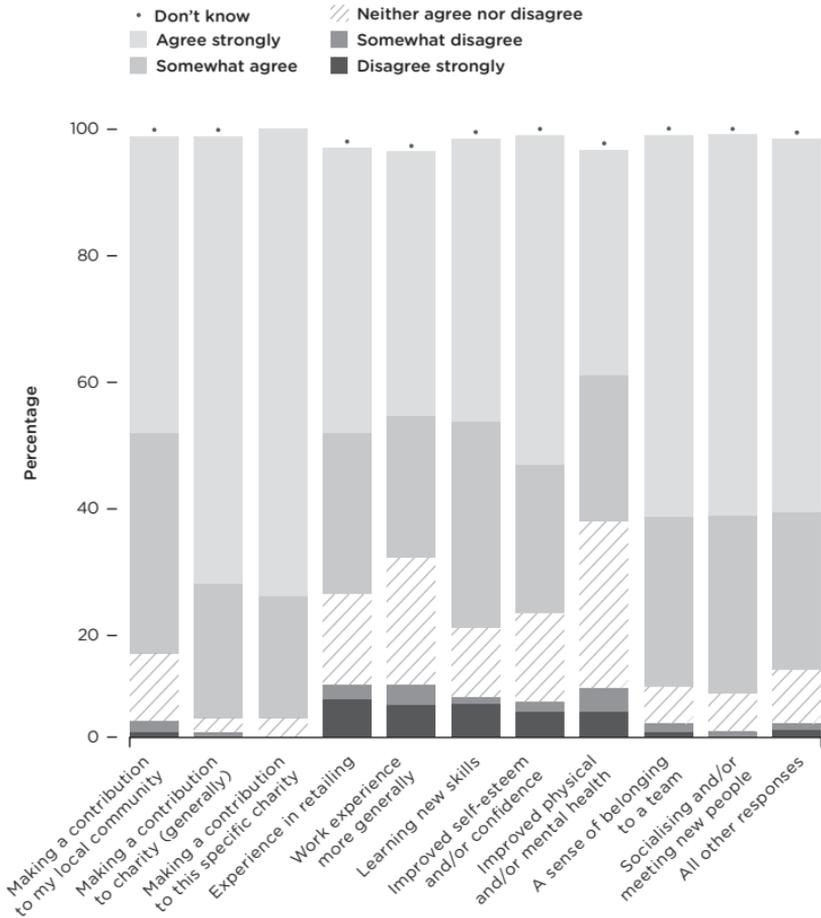
### **Benefits to charity shop volunteers**

Respondents to our survey were extremely positive when asked about their reasons for volunteering (figure 2). The most popular reasons given were contributing to the specific charity they volunteered for (96 per cent) and contributing to charity in general (94 per cent). Thus the altruistic motive of ‘giving something back’ was highly significant for almost all volunteers.

Most volunteers also noted various benefits of volunteering, primarily those related to social interaction, which we know through research and personal experience have a strong link with mental and physical health. The majority (91 per cent) of respondents agreed that volunteering gave them an opportunity to socialise and meet new people, and a sense of belonging to a team.

Volunteering also provides benefits directly connected to further employment: over 80 per cent cited learning new skills, just under 80 per cent cited gaining experience in retailing specifically, and 70 per cent said it was beneficial for gaining work experience more generally.

Figure 2 **Volunteer-reported benefits of volunteering in a charity shop**



Source: Demos survey of volunteers

Volunteering has benefits for mental health. Over 80 per cent said that volunteering improved their self-esteem and confidence, and 61 per cent agreed explicitly recognised a link between volunteering and their mental or physical health.

When asked to choose the most important reason they volunteer, respondents' most common response was to make a contribution to charity generally (one in five), while the second most common motivation (15.5 per cent) was to make a contribution to the specific charity that ran the shop. Again it seems that the primary motivation for volunteering for many is altruistic in nature.

Beyond altruism, social interaction was noted as the primary benefit volunteers received. Just over one in ten volunteers said that meeting new people and socialising was the most important thing they gained from volunteering, while another one in ten said they enjoyed the sense of belonging to a team. The example below illustrates this.

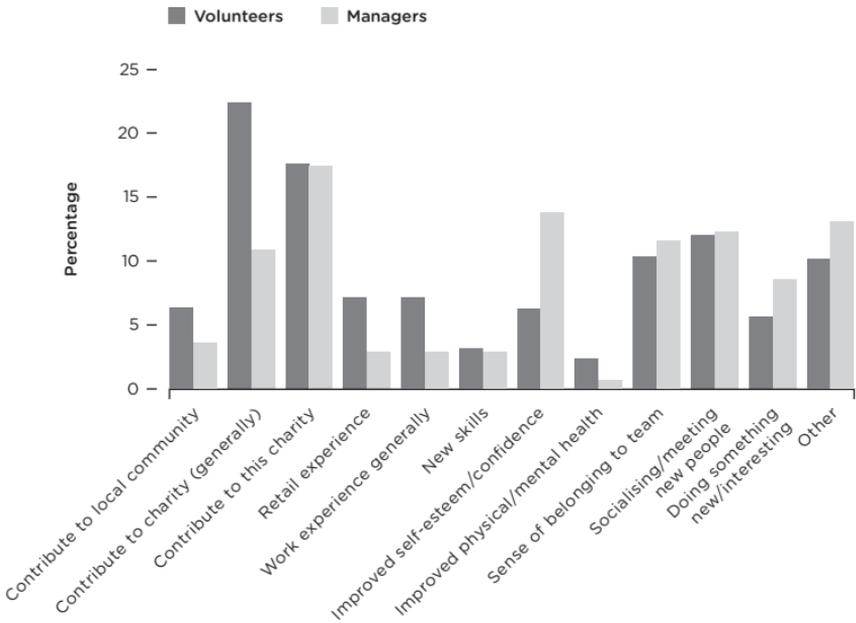
**Box 2 Social interaction and gaining confidence**

*When 'J' was made redundant after six years' employment at a local manufacturing plant, he found himself without a job for a while and feeling as if he was 'stuck at home getting bored'. After stopping by a charity shop stand at a job fair, J was convinced that he could gain some experience to put on his CV and demonstrate his employability by volunteering at one of their stores. When Demos spoke to J he had been volunteering for a few months and was feeling positive about his decision. Although he would have preferred to be back in manufacturing, J enjoyed being able to interact with people and advise customers, and he felt he had gained confidence.*

**Perceptions of benefits among volunteers and managers**

We asked volunteers which of a list of benefits (shown in figure 3) was the most important thing they got out of volunteering at a charity shop. We also asked managers which of these benefits they thought was most important to their volunteers. As figure 3 shows, there was quite a lot of overlap between the answers given by volunteers and managers. The most notable differences were that volunteers were more likely to cite contributing to charity

Figure 3 What volunteers and managers consider the most important benefit for volunteers



Source: Demos survey of volunteers; Demos survey of managers

generally as a primary benefit, and managers were more likely to cite increased self-esteem and confidence among volunteers.

### Calculating the social value of volunteering

It is clear from the findings above that charity shops provide valuable opportunities for employment and volunteering. All parent charities should at the very least publicise the numbers of employees and volunteers who work in their shops, as well as the benefits they say they receive, and some charities may also seek to go further and provide a calculation of this social value.

Undertaking an SROI calculation of would require charities to consider:

- the profile of volunteers
- whether they have a similar opportunity to volunteer elsewhere
- the benefits of volunteering, including the mental health and social benefits to those retired and disabled, or the progression to paid employment for those seeking it
- whether these benefits could be turned into a monetary calculation for savings to the public purse

For example, our survey suggests that approximately 40 per cent of volunteers were retired and between the ages of 56 and 75 years old. Assuming that this is representative of the whole population of charity shop volunteers, that would equate to approximately 85,000 people of retirement age in the UK. Of this proportion, it is unclear precisely how many are bereaved or otherwise disconnected from friends and family and suffering from loneliness – but again a rough estimate could be extrapolated from other research. More generally, there are often reports about a crisis of loneliness among the elderly in the UK. Most recently, Health Secretary Jeremy Hunt spoke of ‘our national shame’, quoting figures from the Campaign to End Loneliness, which suggest that 800,000 in England are chronically lonely.<sup>48</sup>

In addition to the moral imperative to address loneliness, rightly highlighted by the Health Secretary, there is also a significant cost to public services as social isolation can lead to poor health. For example, a longitudinal study from the US showed that adults aged over 50 who had volunteered for at least 200 hours in the previous 12 months had a substantially reduced risk of hypertension – a major risk factor for stroke and cardiovascular disease, the most common cause of death in the UK (as in the US).<sup>49</sup>

These facts and figures could be used by the sector to estimate the wider benefits it provides to the UK by offering opportunities for volunteering. Such a calculation should also be promoted by giving examples of specific individuals and how volunteering has benefited them, as in the example below.

Box 3

**Benefits to older volunteers**

*During the course of our research, Barnardo's honoured one of its longest-serving volunteers to coincide with National Volunteers Week. Kathleen Leech, 83, has volunteered at the Barnardo's charity shop in Frome for 15 years. Kathleen's story demonstrates the benefits of volunteering provided by charity shops:*

*I moved to Frome to be closer to my daughter after my husband passed away, but I was sat indoors just watching television and reading... She realised I was bored so one day we were looking around the Barnardo's shop and on the spur of the moment she asked the manager if they needed any more helpers... I'd already been thinking about volunteering but I didn't have a clue I'd still be here 15 years later... I've always enjoyed it because you get to meet so many different people, and we've got a great team of all ages – I even end up showing some of the younger ones how to use the technology on the till!... Volunteering gives me a reason to get up and get out of the house. It keeps me happy and it's great to know that we're helping vulnerable children at the same time.*

**Case study area 2: Newport**

*The Newport case study shows the adverse impact of an out-of-town shopping centre, high business rates, and protracted regeneration initiatives. It also suggests that charity shops in Newport are meeting a need among the population and keeping the high street alive by occupying what would otherwise be vacant shops.*

*Newport is the third largest city in Wales with a population of 145,785.<sup>50</sup> Historically considered the economic powerhouse of the southeast of the country, Newport has been hard hit by the recession and its contracting industrial sector. Economically, the city now presents a mixed picture. Employment is above the Welsh average, 74.8 per cent of working age people economically active (compared with 73.9 per cent nationally)<sup>51</sup> and the Centre for Cities has placed Newport in the top ten UK cities for private sector employment*

*growth.<sup>52</sup> The high street, on the other hand, has suffered particularly badly from common trends affecting high streets and the retail sector more generally.*

*In particular, the high street has been impacted by the loss of flagship stores such as M&S moving either to Newport's retail park or to the out-of-town shopping facility at nearby Cwmbran, which is also better supplied with parking. Interviewees blamed shop closures on Newport's high business rates, which increased with Newport's accession to city status in 2002. The shop vacancy rate across the whole of Newport is reportedly the highest in Wales<sup>53</sup> – which, as a country, fares worse than England or Scotland. Overall, vacancies in Newport stand at 29.6 per cent,<sup>54</sup> and 19 per cent in the centre.<sup>55</sup> This is accounted for partly by closures and relocations, and partly by the high number of compulsory purchase orders initiated by the council, to make way for planned developments.*

*Our interviews revealed that many local people were losing hope and/or patience with the promised developments, impacting on their confidence in the council to improve the high street. Successive regeneration initiatives in the city have either failed or suffered severe delays. The urban regeneration company Newport Unlimited has pledged to invest £2 billion over the next 20 years to redesign and regenerate the town centre, and there are currently a couple of major developments in the pipeline. These include a £5 million investment in renovating the market quarter and the £100 million Friars Walk shopping and leisure complex.*

*At the same time, the number of charity shops has increased substantially since 2008, thought to be driven primarily by the high vacancy rate.<sup>56</sup> As charity shops move into premises vacated by other businesses, the shape of local retail undeniably changes. Charity shops account for a larger-than-normal proportion of retailers and come to occupy prime retail space where they would not have operated previously. Some independent retailers we spoke to thought these surface changes were undesirable – they constituted a 'tipping point' in the visibility of charity shops – and fostered negative*

*attitudes. On the other hand, charity shops can be seen as the 'front line' in the war to maintain and win back footfall; one manager described it almost as a responsibility – 'charity shops are doing the bulk of the retail work now'. The presence of charity shops also acted as a buffer against local concerns about crime and antisocial behaviour, which would very likely be aggravated if shops remained unoccupied. Charity shop managers also saw a role for themselves in preparing local unemployed volunteers – including those made redundant by the closure of local industry – with the retail skills needed to find paid work in the new developments such as Friars Walk.*

## 3 Social value to communities

### **The community benefits provided by charity retail**

This chapter outlines the dynamics of the rich social relationship between charity shops and their communities. In particular, we are interested in identifying the unique benefits that charity retail shops bring to local communities. Our research demonstrates that in addition to being a valuable resource for the most vulnerable, charity shops also provide a range of benefits that touch an increasingly diverse customer base. From supporting local artists to partnerships with local schools, we heard from many charity shops putting down roots in their community and forging links outside their own work.

We identified the following community benefits provided by charity retail:

- providing direct local services in local areas
- promoting access to charity and other local services
- providing opportunities for social interaction and cohesion
- forging local partnerships with local institutions
- recycling goods and services
- providing affordable goods

We also argue in the next chapter that charity shops appear to be providing a community benefit in the form of maintaining footfall on local high streets that are otherwise struggling to compete with out-of-town shopping centres and the rise of internet shopping.

### **Providing local services to local communities**

Charity shops have been increasingly effective in recent years at generating greater profits. For example, profits more than

doubled from 3.2 per cent in 2006 to 7.4 per cent in 2008, and (after a two year dip) rose again to 14.3 per cent in 2012. This is attributable to a number of factors including increased demand for affordable goods because of the downturn and the increase in Gift Aid.<sup>57</sup>

It is clear that increasing profits can be a huge boon to parent charities which use the proceeds of charity retail to deliver key services. Charity shops already command widespread public support and three quarters of people support their receipt of 80 per cent business rate relief in recognition of their social benefit. This represents a significant divergence from public opinion of (non-charity) retailers; a recent survey found that ninety per cent of UK shoppers believe that retailers are failing to support good causes.<sup>58</sup> Our own survey suggests that public attitudes towards charity shops are most positive when there is transparency about how the proceeds of charity retail are spent.

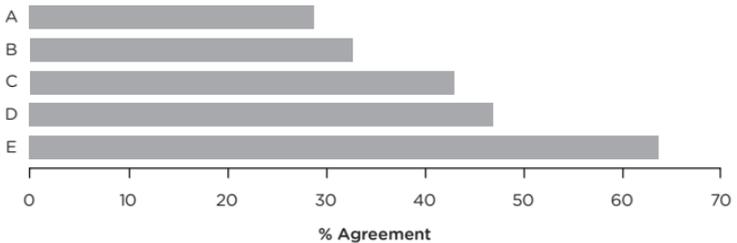
Evidence from our public polling and our interviews with local stakeholders suggest that support for charity shops would be even greater if they were clearly demonstrating the direct contribution they are already making to local communities. We suggest that charity shops stand to benefit from better local communication of their wider economic value – for example, providing employment opportunities and enhancing employment skills in the local workforce.

Figure 4 shows what sorts of considerations would be likely to further strengthen public support for charity shops receiving business rate relief. Public support tends to increase if charities demonstrate how much of their income goes to charity, if they demonstrate that they have created volunteering and job opportunities for local people, and if they demonstrate that a certain proportion of the money they raise stays in the local area.

Some charity shops are already engaged in efforts to raise awareness of the work their charities do locally. For instance, one Oxfam manager we spoke to gave talks to community groups about Oxfam's lesser-known work in the UK. Moreover, donors who register for Gift Aid can receive quarterly notifications of the amount of money raised from their donated goods – feedback which was felt to be valued by customers.

Figure 4 **Conditions that improve theoretical support for business rate discounts**

- A Meet a certain target for the amount of waste they have saved from going to landfill (e.g. through rag recycling)
- B Demonstrate that they had helped a certain number of unemployed people get into work
- C Demonstrate that a certain proportion of the money they raise stays in the local area
- D Demonstrate that they have created volunteering / job opportunities for a certain number of local people
- E Demonstrate that a certain proportion of their income goes to the charity (and not, e.g. the running costs of the shop)



Source: Demos public polling

The British Heart Foundation, the largest charity retailer in the UK with just over 700 shops, has arguably been one of the most innovative in this regard. It has created a range of 42 infographic posters for display in stores across the UK, giving the total raised in each area, and concrete examples of how the money could be spent. Figure 5 is an example from Gloucestershire.

Mandi Simms, marketing services manager for the BHF, told us:

*We are very keen on doing things at a local community level. We know that people want to support their local shop, and they want to know how their money is being spent – not that it’s just going into a big pot for research.*

Figure 5 **Graphic demonstrating concrete benefits of charity retail for the British Heart Foundation**



Source: Demos public polling

### **Promoting access to services**

In addition to the direct benefits to local communities that charity retail generates and could generate, charity shops can also provide community benefits by acting as gateways to the services that the parent charities provide.

As we have seen, charity shops increasingly appeal to a broad cross-section of the community, from every socioeconomic group, but also attract customers who might be labelled ‘hard to reach’ through traditional channels. Promoting services through shops may therefore add value by reaching this group and enabling them to access services. We found examples of this happening at both a very localised and a nationwide scale.

For example, the North Birkenhead Development Trust (NBDT) is a social enterprise in one of the most deprived areas of the Wirral. Through its St James Centre, located on a local

authority-owned housing development, it offers a number of community services, including a children's centre, nursery and adult learning. Because of poor take up of these services, the NBDT decided to set up a charity shop with the aims of building trust in the community, providing affordable goods and raising funds for its core activities. This proved extremely successful, attracting a wider range of people into the centre from both ends of the social spectrum – local people who might otherwise have been unwilling to engage with NBDT's services, and residents from more affluent neighbouring areas who pop in while visiting the nearby supermarket. This mix has important implications for social mixing and cohesion, discussed further below. Kath Shaw from NBDT commented, 'Having that very informal and natural... environment of shopping means we are able to meet and create relationships with a much wider range of people in our community.' Because the shop is attached to a community room, staff can offer customers a cup of tea and an informal chat about the help on offer from the charity.

The NBDT shop is also an interesting example of a charity shop facilitating mutual aid within the community. Shop staff often receive donations of goods from local people who have a specific individual beneficiary in mind. For example, a donor might be aware that a specific person in the community needed a winter coat, and might ask staff to ensure that that person buys the coat they are donating.

A number of the larger charities involved in our research also reported much closer working, in recent years, between their service-provision and their retail arm. One such example is the homelessness charity Shelter, whose volunteers are trained to provide housing advice. In 2012 Shelter began providing housing advice from two of its London stores – Camden and Fulham. In each store, a private office space was created on the ground floor to allow a trained housing adviser to see clients in housing need. For part of the week a drop-in service of shorter, more diagnostic appointments is offered, while on other days, longer, timed sessions allow for the provision of more in-depth advice. Clients can walk in off the street or be referred by other local agencies with whom Shelter has made contact.

The idea behind the initiatives was to bring the advice offer into the heart of the communities Shelter services. The results have been encouraging, and the charity currently assists around 750 clients a year across the two sites. On most days all of the available client appointments are used, so advisers' use their time efficiently, and the cost per client is lower than in a standard housing advice centre.

Richard Sweet, trading director at Shelter, told us:

*We're really pleased that in some selected locations we're able to use our retail sites to provide this locally tailored housing advice; our store staff are very motivated that they can see the immediate impact of Shelter's expertise in their own community, and know that the money they help raise is used so directly to support our clients.*

The mental health charity Mind is another good example. Mind has developed training courses in mental health awareness and mental health first aid, which it provides to employers and other organisations. Many of its shop managers and volunteers have experience of mental health issues, and some are advocates for the charity's services. Mind now has plans to bring these two strands – education and retail – of its work together, by providing formal training to staff and volunteers in all 135 of its shops. Elaine Graham, regional training manager for the south, described the beneficial effect of the training:

*We've always thought of our shops as being the high street face of the charity – [this training] will enable the shop teams to be more knowledgeable and better equipped to support staff, volunteers or customers with mental health issues or enquiries and to promote the charity.*

Box 3

**How Mind supports people experiencing mental health issues**

*M was diagnosed with bipolar disorder nearly ten years ago. Her community practice nurse at the time knew that another former patient was managing a Mind store locally and suggested that M might benefit from volunteering there. M was*

*unable to work and welcomed the idea of volunteering as a way to get out of the house. Almost a decade into the role, she says, 'I can honestly say it's the best thing I've ever done.'*

*M has since become a trained advocate for Mind, and is able to refer customers to the charity's services. As well as M, several other volunteers and the manager have personal experience of mental health difficulties. This fact alone makes the shop a valuable mental health resource in the community, quite apart from its fundraising activities. As the manager says, 'Because we're Mind, people come in here that are feeling depressed and want to offload.'*

Alongside formal promotion of services, many charity shop managers and employees refer customers to charity services informally. Our research showed that a significant proportion of staff already have a relationship with the charity before they volunteer (eg where a relative has been cared for by a hospice, or where a friend or the individual themselves suffers from a particular health condition), so charity shops are already benefiting from the combination of a knowledgeable workforce and a friendly, sociable environment. In our public survey, approximately one in ten said they had found out more about the work of a charity in a shop.

One in four members of the public and shop managers and one in three volunteers saw charity shops as places where people could 'get information about local events as well as things like housing, benefits, etc', and charity shops could be thinking more strategically about how to develop this. Just 1 per cent of respondents agreed that they had personally used a shop to access services which helped them or to find out more about a charity's services.

### **Fostering social interaction and community cohesion**

It has frequently been argued that our society is more fragmented than ever before, with many individuals suffering from social isolation and poor mixing between citizens of

different backgrounds. Post offices are often mentioned as the most important local place for people from different backgrounds in a community to meet, and possibly engage in small talk and interaction. Our research suggests that charity shops are another significant site of social mixing and interaction in local communities for people from different backgrounds.

As noted above, our public polling shows that equal percentages of all social classes – from AB to C1 to D2 – shop with similar levels of frequency in charity shops. Moreover, one in five members of the public said that they had met or spoken to someone new in a charity shop, and 30 per cent said that charity shops provided opportunities for social interaction. Nearly one-third (29 per cent) thought charity shops fostered a sense of community, 28 per cent thought that charity shops encouraged different generations to meet, and one in four (25 per cent) thought that charity shops directly increase social cohesion in the local area.

Our survey and interviews with managers and volunteers showed they too valued the social interaction they had with customers. They often spoke of customers – commonly those with some form of vulnerability, eg the elderly, the homeless, and those with learning disabilities – who came in regularly, sometimes every day, some of whom visited every charity shop on the high street. The shop was often somewhere for these and other customers to come in to have a chat. In the words of two charity shop workers we spoke to:

*It feels like sometimes people come in just for a chat... It feels like a walk-in centre sometimes.*

*If they don't come in you start to worry, 'Oh, have you seen Mrs. X recently?'*

These kinds of social outcome are the least easy to quantify, and the least easy to communicate to stakeholders outside the sector.

Nearly one in ten (9 per cent) of the public reported having found out information about the local area in a charity shop.

Participants in our focus groups and shop managers we spoke to suggested that charity shops could be providing more local information.

Surprisingly few charity shops displayed information about local events in the window or on a noticeboard; many cited the charity's central policy as the reason – either all advertising, or advertising fundraising events for 'rival' charities, was prohibited. This was not the only example of policy obstructing individual shops' activities locally. One manager whose shop had been the sole charity shop in its street was told not to participate in a 'shop watch' security scheme because the charity would not authorise payment for the installation of the security phone system.

### **Forging partnerships with local institutions**

Another potential community benefit is the role that charity shops can play in facilitating local partnerships and supporting other local institutions. Charities and charity shops enjoy a wide variety of national and local partnerships with other organisations. These offer some of the clearest demonstrations of a two-way flow of benefit between shops and their communities.

Partnerships are often the means by which shops source their volunteers. Many of the charity shop managers we interviewed had used the Duke of Edinburgh award scheme as a source of volunteers. A few shops had benefited from a successful relationship with a young Duke of Edinburgh participant, as volunteers had acted as 'ambassadors' for the charity within their school, encouraging others to volunteer, promoting donation drives and nominating the charity as their school's main cause for the year.

Many shops took school and college students on work experience, in a variety of formal and informal arrangements. Several British Heart Foundation shops had arrangements with local colleges, agreeing to provide the practical component of a National Vocational Qualification in customer service or retail management. A number of shops took on volunteers with a learning disability through specialist colleges and schemes such

as Learnabout and the Shaw Trust. We were also aware of a few national partnerships between charity retailers – such as Sue Ryder – and probation services.

In our interviews, a significant number of shops reported taking volunteers on work placements from the job centre – a finding slightly at odds with our polling, where the job centre accounted for only 4.6 per cent of managers and 4.1 per cent of volunteers recruited.

As described above, there are benefits to individuals who volunteer to work in charity shops – most directly – in helping them to build a CV that enables them to find further employment, but there are also community benefits to these partnership schemes. Facilitating volunteer opportunities for young people could potentially help to reduce the number of young people who are “NEET” (not in education, employment or training). Similarly, volunteering opportunities for ex-offenders could help to reduce recidivism.

We also encountered evidence of specific, local initiatives. For example, one shop contributed unusable rags to the children’s crafts group at the local library; another acted as a collection point for gifts of toys and books for a nearby hospice and children’s hospital; and a third sent a rail of clothes for sale to a nearby care home, for residents unable to access the shop in person.

Many of these partnerships were largely spontaneous, driven by the fact that charity shops are fixtures on the high street, patronised and staffed by a cross-section of the community (including its most vulnerable), and less focused on profit than other businesses. Yet, precisely because these partnerships are natural and highly localised, they often go unnoticed so charities miss out on the opportunity to promote their contribution in the community.

## Recycling

The opportunity for reusing and recycling materials was the most widely recognised benefit provided by charity shops in our polling, with 79 per cent of the public agreeing this was

something charity shops provided. UK charity shops' reuse activity has been estimated to reduce CO<sub>2</sub> emissions by about 3.7 million tonnes per annum<sup>59</sup> – a figure roughly equivalent to the entire carbon footprint of Iceland.<sup>60</sup>

At a local level, one excellent example of a charity shop providing environmental benefits can be seen in the example of South Bucks Hospice presented below.

Box 4

#### **South Bucks Hospice**

*South Bucks Hospice (SBH) has seven shops in total. In 2012, the charity teamed up with Buckinghamshire County Council and FCC Environmental, an international waste management company, to run two of FCC's ten recycling centres. At each of these, designated 'reuse champions' identify resaleable items, which are sold at SBH's onsite reuse shops. In the first seven months of the scheme 33,512 items were sold. Over time, says David Brodala, director of SBH, a very strong relationship has built up between the recycling centre and local residents. This has driven up recycling behaviour in the community, and raised awareness of the hospice.*

*SBH also has another, four-way, partnership with the council, FCC Environmental and HMP Bovingdon. Once a week, bicycles deposited at the recycling centre are sent to the prison to be repaired. SBH pays for the spare parts needed for the repairs, and sells the bikes through the reuse shops, which have sold 2,200 bicycles since July 2012. Not only does the scheme provide an opportunity for prisoners to improve their social skills and work readiness, it also leads to an NVQ in bicycle repair – a route into employment on release. All four stakeholders gain from the partnership: the county council reduces the amount of waste sent to landfill; FCC reduces its costs; local residents benefit from bargain goods; and funds are raised for the hospice. These two schemes have paved the way for other fruitful partnerships – FCC is currently looking into other ways it might work with HMP Bovingdon.*

### Providing affordable goods

Finally, it could be argued that charity shops provide a valuable community service as they provide affordable goods to people on a low income. Two-thirds of the public and over 90 per cent of shop managers and volunteers thought their shops supplied affordable goods to people on a low income.

The majority of volunteers had (either regularly or at some point) encountered customers complaining about the prices charged by the shop. In our public survey, buying second hand from charity shops came bottom of a list of five options for reducing household expenditure – after using vouchers, cutting down on spending, switching shops or brands, and selling on eBay. Other consumer research in the sector, however, shows that 45 per cent of charity shop customers cited low prices and good value for money as ‘very important’ factors in their decision to shop in charity shops.<sup>61</sup>

Some charity shops are deploying more effective pricing strategies or selling more high value goods, such as furniture, which is generating greater profits for charities. Across the sector as a whole, though, average transaction values have remained steady over the past several years, averaging £6.17 in 2011-12, for example, compared with £6.13 in 2012-13.<sup>62</sup>

However, there is an interesting debate about whether prices should be kept low for customers, or should be raised in order to generate more income for the parent charities. This debate was reflected in our research. One manager told us:

*The biggest percentage [of our customers] are on a low income and I try and keep the prices as low as I possibly can because we have a lot of regulars who always come away with something.*

Others see the primary purpose of the shop as raising as much money as possible in order to benefit the charity:

*The charity isn't the people who are buying things. The charity is [X], and we're making money for [X].*

Clearly, there is space for both approaches. Charity shops in wealthier areas, with designer goods, should be looking to

increase the price of goods in order to raise more funds. On the other hand, charity shops in economically depressed towns, with greater numbers of customers on low incomes, should be more mindful of the impact of price increases on their typical customer base. Like any other business, charity shops would not last long if supply were not well matched to local demand.

### **Calculating the social value of the community benefits**

Social benefits for charity retailers include providing direct services for the local area funded from the proceeds of retail, fruitful partnerships with local institutions, providing a place for social interaction for many who are otherwise isolated and lonely, and encouraging recycling and reuse.

Highlighting these benefits in a rigorous and visible manner could help to gain the trust of individuals and other retailers who at present have a negative perception of charity shops. As we saw in figure 4, the public would be even more inclined to support charity shops if the shops were more active in demonstrating their value – to the environment, in providing job and volunteering opportunities and communicating clearly how the proceeds from charity retail were spent on charitable ends (rather than the running costs of the shop).

At the same time, it is important to recognise that the activities that generate social value could involve an investment that potentially takes away from fundraising; for example, the more affordable the goods charity shops provide, the less the revenue per item; or the less experienced the volunteers, the more time required to train and support them. Equally, direct provision of services to the local community – such as we saw with the British Heart Foundation above – must be weighed against bigger, national campaigns or objectives.

Social value therefore requires a strategic approach that includes high-level decisions about the amount of investment involved. But social value also requires responsiveness to community needs and thus flexibility on the part of national charities. Ultimately a balanced approach is needed: one that is centralised and strategic enough to have a clear direction and

parameters for measurement, but flexible enough for shops to work in a way that is meaningful for their community. Our recommendations outline how this might be achieved, but first we present our third in-depth area case study and our research into the relationship between charity shops and the high street.

### Case study area 3: Margate

The Margate case study demonstrates the impact of high profile initiatives on struggling high streets. It also highlights the contribution of charity shops in helping jobseekers into employment.

*In recent years, falling visitor numbers and a shop vacancy rate in 2013 of 30.6 per cent (down from 36.5 per cent in 2012, the second worst in the country) had seen Margate turn from one of the UK's most popular tourist destinations into a paradigm example of high street decline.*

*Two high profile interventions have reversed the town's decline. First, the building of the Turner Contemporary Art Gallery – in 2011, its opening year, the gallery attracted half a million visitors and reportedly brought in an additional £13.8 million in tourist revenue.<sup>63</sup> Second, after featuring in Mary Portas' 2012 Channel 4 documentary *Mary Queen of the High Street*, Margate successfully bid to become one of the 'Portas pilot' towns. Most Margate retailers we spoke to agreed that the efforts of the town team had been effective in raising Margate's profile, improving aesthetics, encouraging tourism and reducing retail vacancies in the Old Town. However, the general consensus was that the benefits had not extended to the centre of town, where the large high street chains and charity shops are located.*

*People's attitudes towards charity shops in Margate were more ambivalent than those of interviewees in our other case study areas. Some independent retailers viewed charity shops as an unwelcome source of competition and saw them as 'lowering the tone' of the high street. Yet even their opponents acknowledged that charity shops were meeting genuine customer demand and were aesthetically preferable to empty shops.*

*Charity retailers themselves found that they were highly valued by customers as providers of low cost goods. One manager commented, 'A lot of people are living very close to the poverty line round here. That's our important function, that's what we're here for, for people who don't have the money.'*

*We also found evidence that Margate's charity shops fulfill other important roles within the community. Several have partnerships with the local job centre, providing job seekers with work experience – a particularly key function in Margate, where unemployment in stands at a high 38 per cent.<sup>64</sup> In 2011, the British Heart Foundation furniture and electrical shop received an award for being the Kentish employer that had supported the largest number of jobseekers into paid work – beating large retailers, including supermarkets, to first place.*



## 4 Charity shops and the high street

To understand the full range of value that charity shops provided to local communities, we analysed the relationship between charity shops and economic indicators of high street health.

Changes to the retail sector, primarily the rise of the internet and out-of-town shopping centres, have been having a highly negative impact on British high streets. These trends are radically changing the high street and making it incredibly difficult for some small and independent retailers in particular. In some cases, because charity shops are growing on some high streets, they are becoming targets for criticism. In order to determine whether these criticisms are valid, we gathered all the data available from local authorities, data companies and charities around the growth of charity shops and other indicators of high street health, including rent levels, footfall, and vacancy rates.

Overall, this process has highlighted a paucity of data on high street health, which underlines the inability to draw a causal link between the presence of charity shops and a high street's decline. There is thus no indication that charity shops are hastening the decline of the high street. In fact, our analysis demonstrates that charity shops are in some areas a symptom of high street decline rather than a cause and that without their growing presence, British high streets would be suffering an even worse fate.

### **The decline of the British high street**

The rise of internet shopping and the clustering of retail in out-of-town shopping centres – trends that began in the early 2000s – have changed the face of the British high street. According to

the Portas review, the number of retail stores in town centre fell by 15,000 between 2000 and 2009.<sup>65</sup>

Whereas retailers used to need approximately 400–500 shops to cover the whole of Britain, they can now achieve the same reach through online selling.

The physical retail stores that exist are increasingly clustered into fewer areas to save costs, and facilitated by a more mobile population thanks to cars and good train networks. For example, in 1971, 50 per cent of the population shopped in more than 200 locations. In 2009, 50 per cent of a much larger population were shopping only in the 90 largest locations.

High streets are also being affected by broader shifts in the British economy. Towns and cities that used to have thriving manufacturing industries – such as Rochdale and Bradford in the North West, and Newport in Wales – now suffer from severe deprivation and generations of worklessness. This impacts on local communities' consumer spending, which in turn impacts negatively on the high street. With very little demand and economic vibrancy in suffering communities, combined with increasing competition from the internet and out-of-town shopping centres, it is little wonder that big brands and small independent businesses are finding it impossible to operate.

The same is true for British seaside towns, such as Margate, which used to be mainstays of British tourism but have suffered drastically with the rise of cheap flights from low cost providers like easyJet and Ryanair to more sunny and exotic climates.

The 2008 recession and economic downturn have accelerated these trends, with consumers migrating to the internet for better deals, and retailers attempting to save costs as much as possible. High street footfall in areas outside central London decreased by 10 per cent between 2008 and 2011.<sup>66</sup> Town centre vacancy rates doubled between 2009 and 2011,<sup>67</sup> with the most recent estimate from the Local Data Company (for the first half of 2013) showing that 14.1 per cent of high street premises are empty.<sup>68</sup> Small, independent retailers have been the hardest hit, but the larger casualties – household names and high street fixtures such as Woolworths, JJB Sports, Clinton Cards and HMV – have received the most attention. They also have the

greatest psychological impact on society, suggesting the end of an era and signalling a death knell for the high street.

### The growth of charity retail

While the number of charity shops has been rising since the early 2000s, the precise rate of the sector's expansion since the recession is uncertain. One source counts a three-figure year-on-year increase in shop numbers since 2008<sup>69</sup> and market research by the Charity Retail Association shows a steady growth rate of between two and three per cent over that time.<sup>70</sup> This growth appears to be attributable to a number of factors, but is most likely primarily due to growing demand for 'value-related retailing'.<sup>71</sup>

The charity retail sector has also been negatively impacted by the recession as its stock supply has diminished. Research suggests that some people who would formerly have donated are now hanging on to their clothes longer, or finding new ways to use them to generate cash.<sup>72</sup> In March 2012 the Charity Retail Association found that 16 per cent of people surveyed nationwide chose to sell clothes rather than donate them because of tougher times.<sup>73</sup> The charity retail sector has also been struggling to adapt to the online marketplace, with more charities selling goods on eBay or through their website (eg Oxfam).

While increased demand is the primary driver of growth for charity shops, it has also been argued that charity shops have become popular with commercial tenants.<sup>74</sup> Charity shops' lower overheads could mean that they are less likely to default on the rent, so they are a safer bet than other retailers. The Portas review found this was particularly true of economically depressed communities with high numbers of vacant properties.<sup>75</sup>

Considering the pressures on the high street and economic situation in many communities, this preference of landlords to let their properties to charity shops rather than commercial enterprises is understandable. Yet, as we argue below, the situation in these communities is not a zero sum game as it does not appear that charity shops are taking properties away from

small independent businesses. In fact, the growth of charity shops is occurring at the same time as vacancy rates continue to rise because of the pressures described above. Moreover, charity shops do not appear to be driving up rents for other shops, which is also sometimes suggested.

In other words, were it not for the growth of charity retail, local high streets would be suffering even more, with even more vacant spaces and lower footfall. The example of Tenovus – a cancer charity – shops in South and West Wales is instructive. Of the six shops that Tenovus opened in Wales, five had been empty for over 12 months, and some had been empty for up to two years. A landlord of one of the Tenovus charity shops was grateful to the charity:

*Tenovus has given the shop a complete refurbishment which I couldn't have afforded to do by myself. If Tenovus hadn't come on board, I suspect my property would have remained empty for at least another 12 months. Not only would this have been terrible for me from a business point of view, but... also for the high street and local community as an empty shop doesn't bode well. Having charity shops on the high street supports retail diversity and brings people to the high streets and away from out-of-town developments.*

### Struggles for small retailers

In her review of high street regeneration, Mary Portas argued that small, independent retailers faced an uneven playing field on the high street and required further incentives to support them. She cited these difficulties for independent shops as one driver behind so-called 'clone towns' in economically depressed areas, where high streets are populated by betting shops, fast food chains, payday loan companies and charity shops.

The argument is that clone towns are self-perpetuating, with clusters of 'undesirable' shops acting as a disincentive to other businesses investing in the area. Our analysis suggests that there is very little evidence to support this claim. It is much more likely that small and medium-sized businesses are finding it incredibly difficult to compete with the internet and out-of-town

shopping centres, rather than simply being deterred by the presence of charity shops.

Indeed, we heard testimonies from independent retailers in our case study areas, who were struggling with business rates that were increasing year on year in line with inflation, without revaluation based on the radically changing high street context. With other businesses hard pushed in this way, it is understandable that charity shops could sometimes attract resentment because of their business rate relief. This was the case in Morpeth and Newport, where some retailers were calling for a reduction in or recalculation of business rates. One person we spoke to said:

*There is a place for charity shops. They obviously get preferential treatment, which is fair enough, but big companies and landlords are realising the need for incentives for others.*

Business rate relief and reform is clearly needed for small, independent retailers to help them compete on a radically changing high street. It would also help to ease tensions between different types of retailers on the high street. However, our analysis suggests that singling out charity shops as undue recipients of business rate relief is unmerited. In fact, they receive a tiny proportion of the total amount of business rate relief that is granted – at a rough estimate, charity shops in England account for just 5.03 per cent of charitable rate relief, and 2.79 per cent of all rate relief.<sup>76</sup> Charitable business rate relief alone applies to any premises used primarily for charitable purposes, which might include anything from charity headquarters, to independent schools, to buildings hosting charitable services. Other beneficiaries of (non-charitable) business rate relief include community sports clubs, empty properties and rural shops and services. Moreover, under a separate scheme introduced in 2005, small businesses with a rateable value under a certain threshold (currently £12,000) are also eligible for relief of 100 per cent rather than 80 per cent.<sup>77</sup>

### Views from our case studies

The case studies interspersed throughout this report demonstrate the struggles that businesses on the high street are going through.

Interviewees in the majority of shops we spoke to reported ‘that flagship’ stores were moving to out-of-town shopping centres, long-established independent stores were closing, and new businesses that opened were rapidly failing. Reduced footfall was a problem in many areas. In Newport and Margate, for example, out-of-town shopping had removed business from the town centre. In Morpeth and Paisley, the retail focus had moved from one area within the town to another, because of pedestrianisation, closure of flagship stores, and opening of new ones.

There was widespread awareness in most areas of more charity shops opening locally. While there were some negative views of this, stakeholders we spoke to were generally positive about the increased number of charity shops. Managers and volunteers in charity shops had very little experience of negative attitudes towards them, and where they had come across these views attributed them to the increasing professionalisation in the sector. The majority of independent retailers we spoke to were also broadly supportive of charity shops, arguing that charity shops were an established presence on the high street and that their growth was a symptom rather than a cause of high street decline. In particular, the managers of more established shops tended to feel secure about retaining custom and donations.

Other frequently mentioned changes to the high street included an increase in payday loan stores, pound shops and cash-generating businesses – generally reflecting the depressed economic conditions of many communities – and the rise in the cost of living felt across Britain more generally.

### Regeneration on the high street

Interestingly, we found very little awareness among charity shop managers of regeneration initiatives in the area. What knowledge interviewees had of initiatives was gleaned from the local press or passing by, rather than as a result of official notification or

consultation with the business. Just one of some 20 managers had been invited to take part in a meeting about economic regeneration locally, and had not decided whether to attend.

In Newport, the most visibly troubled high street of our case studies, regeneration initiatives were generally met with scepticism by all local stakeholders:

*There's always been talk of 'this is going to happen', 'that's going to happen', but we've seen none of it.*

Across all six areas, the most common suggestion for regenerating the high street was to encourage more shops into the high street or town centre through reduced rents or rates. Some respondents specified the kinds of businesses to target, for example affordable shops, flagship and big name stores, start-ups. Several people suggested that affordable parking was necessary for local high streets to compete with out-of-town shopping centres. Some were concerned by cleanliness, presentation and – particularly in Paisley – the need for increased police presence to reduce antisocial behaviour. One stakeholder from Paisley argued:

*Basically get something into the empty shops, even if it's a charity shop. If other businesses are able to do it, fine, but I don't see how.*

Many of our interviewees in charity shops saw themselves as symptoms of the wider economic and retail trends:

*I think [the growth of charity shops is] more to do with the sign of the economy. If other businesses were thriving, we wouldn't be blamed.*

*Everyone's under the conclusion [charity shops] get everything for nothing.*

*They see it the wrong way round. They see us as being a cause of depression on the high street but we're a symptom.*

This view was echoed in the public polling, where 54 per cent of respondents saw the growth of charity shops as a

symptom of high street decline, while just over a third saw charity shops as a cause of high street decline. The public overwhelmingly ascribed the struggles of high streets as caused by internet shopping (84 per cent), the recession (73 per cent) and out-of-town shopping centres (73 per cent).

### Charity shops as fixtures of the high street: increasing professionalisation

The professionalism of charity shops was discussed in our interviews. Managers and volunteers felt that their shops were unique because of the style and quality of management, and the dedication of the volunteer team. Professionalism, standards of customer service and presentation were also mentioned, with several interviewees taking pride in the fact that their shop did not look 'like a charity shop' and/or that the goods did not look as though they were second hand. A few managers believed their shop was unique in the goods it stocked – for example it was a 'destination' for books, or a source of vintage or designer goods:

*I think we are part of the high street now. We are as competitive as any other shop... Actually, the biggest compliment we get is that we don't look like a charity shop.*

Indeed, the same positive views about charity shops were held by the majority of independent retailers we interviewed. Five of the six independent retailers argued that it was important to acknowledge charity shops as a permanent feature of the future retail landscape:

*[Charity shops] play a very, very important role... People rely on charity shops to clothe themselves.*

*They're part of the high street now and, whether you like them or not, they have to be integrated... More and more folk are starting to go – more of a cross-section of the community.*

The economic benefits of charity shops were demonstrated in a number of additional comments from charity retailers, presented in the box below.

Box 5     **The economic benefits of charity shops**

*[Relations with other businesses are] very good. We are part of the community so fellow traders are our neighbours. We have a lot in common and quite often are all equally involved in local initiatives to boost trade.*

*Charity with 45 shops*

*Where we opened we took a risk on the lower footfall side of the street and see ourselves as having been a catalyst to attracting other new entrants into this side of the road... The shop we occupied had been empty for over one year.*

*Charity with one shop*

*[Relations with other businesses are] really, really positive. We're viewed as equals in terms of trading and businesses that add value to the mix already offered. In both cases our shops have gone into units that were previously vacant for months in one case!*

*Charity with two shops*

**Negative views towards charity shops: finding someone to blame**

There was also evidence of some negative perceptions about charity shops, mainly on the grounds of the competition they provided and the image they presented on the high street. For example, two specialist retailers – the owners of a record store and a vintage clothes shop – were hostile towards nearby charity shops that sold similar kinds of goods.

Some thought that charity shops were ‘lowering the tone’ of a high street. One retailer who was broadly supportive of charity shops objected to their presence on the high street itself:

*I wouldn't say [that charity shops are a] ‘cause of’ [decline], but they are a ‘sign of’ [decline], especially when they are on the main high street... I do feel they shouldn't be on the high street.*

These two strands of criticism risk being contradictory. On the one hand, some retailers on the high street are complaining that the increasing professionalism of charity shops is providing greater competition to already struggling businesses. Yet on the other hand, the mere presence of charity shops ‘lowers the tone’ of the high street, potentially driving away inward investment by other businesses. These contradictory perceptions about charity shops demonstrate that they are in some instances being viewed as scapegoats for the changes to high streets wrought by the changing face of the retail sector in general.

### Calculating the relationship between charity shops and the high street

In order to move beyond perceptions about the relationship between charity shops and the high street, we undertook a comprehensive review and analysis of all the available data on growth trends of charity shops in our local area case studies, as well as a range of economic indicators used to determine the health of the high street. These include footfall (estimated and recorded), change in rental values, and vacancy rates.

In some instances we were able to obtain these data from the local authorities, but the amount and quality of data collected at a local authority level varied considerably. We are grateful to have been able to draw on data gathered by CBRE, the Local Data Company and Springboard, which they provided either *pro bono* or at cost.

One of the main conclusions of this exercise is that there is a surprising absence of good data on high street health. Because of the patchy and incomplete nature of these data, we conclude

that statements about charity streets causing or somehow perpetuating high street decline are not based on evidence or data, but rather unsubstantiated perceptions. Instead, our analysis suggests that the relationship between charity shops and high streets is complicated and unclear. Where correlations do exist, the evidence suggests that both phenomena are symptoms of the wider trends affecting British high streets.

### **Charity shops and rent levels**

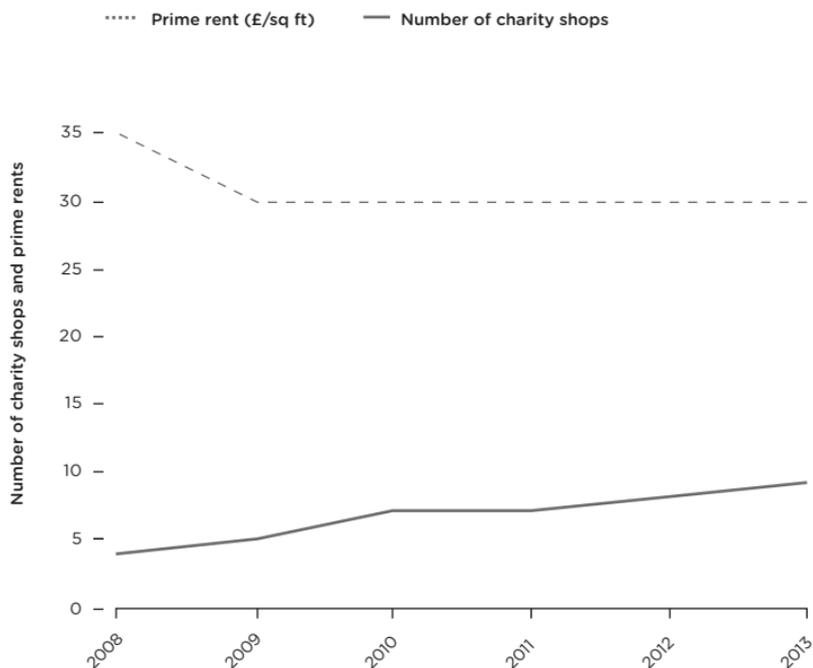
Critics of charity shops sometimes argue that their growth in the past five years has pushed up rents locally, hastening the failure of neighbouring businesses and effectively pricing potential newcomers – particularly independent retailers – out of the market. As they have a largely volunteer workforce, and the majority of their stock is donated rather than purchased, charity shops have significantly lower overheads than other retailers. Combined with the business rate relief, critics argue that charity shops are in a position to be able to pay higher rents, and landlords respond to this by charging more.

Our research suggests that this is not the case. We found that, with the exception of Morpeth, it is not accurate to state that charity shops are exerting inflationary pressure on high street rents. In fact, the correlation tended to be a negative one; as the number of charity shops increased, rents decreased. This was demonstrated by a correlation coefficient of  $-0.7$  across all five areas.<sup>78</sup>

The Margate case study in particular suggests that the wider impacts to the high street described above are driving rents downwards. Between 2008 and 2013, there was a 14 per cent decrease in shop rents in Margate, from £35 to £30 per square foot, while the number of charity shops more than doubled over the same period, increasing from four to nine. As figure 6 shows, the decrease in shop rents (in February 2009) predates the rise in the number of charity shops.

The Newport case study provides further evidence that the growth of charity shops is not having an adverse effect on the rents of other shops on the high street. Although only based on

Figure 6 **The relationship between the number of charity shops and prime rents in Margate, 2008–2013**

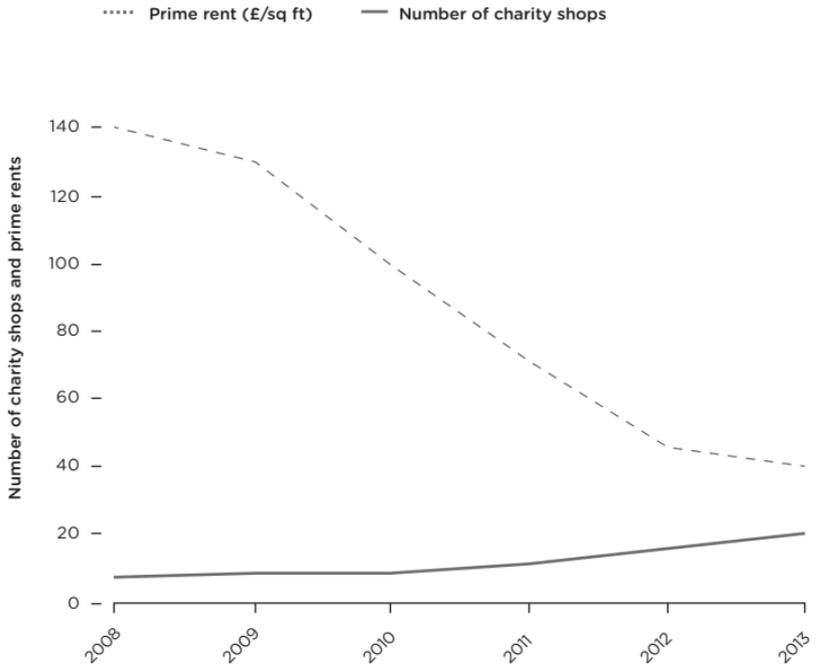


Source: Demos analysis using data from Local Data Company and CBRE

data from rents paid by three charity shops in the local area, it appears that instead of driving up rents for other retailers, charities appear to absorb a slight increase in rents while other retailers see their rents plummet. Between 2008 and 2013 in Newport, there is a clear lag between a fall in rents and a rise in charity shops.

Figure 7 shows that a fall of almost a third (32 per cent) in rents in Newport between February 2008 and November 2010 was accompanied by only one additional shop. Between November 2010 and February 2013, though, rents per square foot fell substantially from £95 to £40, and the number of shops increased simultaneously from nine to 20.

Figure 7 **The relationship between the number of charity shops and prime rents in Newport, 2008–2013**



Source: Demos analysis using data from Local Data Company and CBRE

### Charity shops and vacancy rates

To examine the claim that charity shops are displacing independent retailers from high streets, we compared the growth in charity shops with retail vacancy rates over the same period. In Margate, Morpeth, Newport and Paisley, the available data suggest that the vacancy rate rose alongside rises in the number of charity shops.

While the presence of charity shops could be discouraging investment from other businesses, it is much more likely that both phenomena are symptoms of longer-term and more deep-rooted causes of decline to the high street cited above. The fact that the vacancy rate continues to rise even suggests that high streets would be in an even more dire state without the growth of

charity shops. This view is supported by the qualitative research described above, and by the data from Morpeth and Newport.

In Morpeth, while the number of charity shops was unchanged between 2009 and 2012, the same period saw a sharp rise in vacancies (with year-on-year increases of 152 per cent, 39.7 per cent and 25 per cent from 2010). In 2013 the vacancy rate fell by 7.3 per cent on 2012 alongside one more charity shop opening. These figures do not, on their own, say anything conclusive about the relationship between the two factors. The Morpeth case study, which is based on the views of the local authority, charity retailers and other retailers in the area, offers clearer insights. It suggests that charity shops have been a 'constant' through Morpeth's challenges (which have included severe flooding and a shift in the location of shopping), maintaining the footfall on which this market town particularly depends, and in particular maintaining an interesting and good value offer for local people.

In Newport, too, the relationship between vacancy rates and charity retail growth is not a simple one. Between 2008 and 2013, the city saw an average annual increase in the number of charity shops of 20.7 per cent, alongside an average annual increase in the retail vacancy rate that is almost twice as fast – at 40.9 per cent. Focusing specifically on 2008-9, a single additional charity shop was followed by a 120.6 per cent hike in empty shops. The data therefore point to an underlying, common factor behind both trends, namely the impact of the recession and the increasing popularity of the out-of-town shopping centre at nearby Cwmbran.

In either case, the fact that the growth of charity shops coincides with rises in vacancy rates runs counter to the argument that charity shops are inhabiting properties that would otherwise be occupied by small, independent businesses.

### Charity shops and footfall

As seen above, we often heard views from local stakeholders in our case studies that charity shops were helping to maintain footfall to suffering high streets:

*We opened our shop in Stevenage in a building society which had been closed for four years. When we opened a couple of the small independent traders whose shops were opposite thanked us for opening as customers exiting our shop then saw their shops and they had seen an increase in footfall.*

#### Charity with four shops

*We have 1 million visitors each week... This will play a part in attracting footfall on the high street.*

#### Charity with over 100 shops

*Attitudes have changed over the years and many retailers welcome charity shops as they are aware of the footfall they bring to the street or precinct and the fact that our shops are professionally run.*

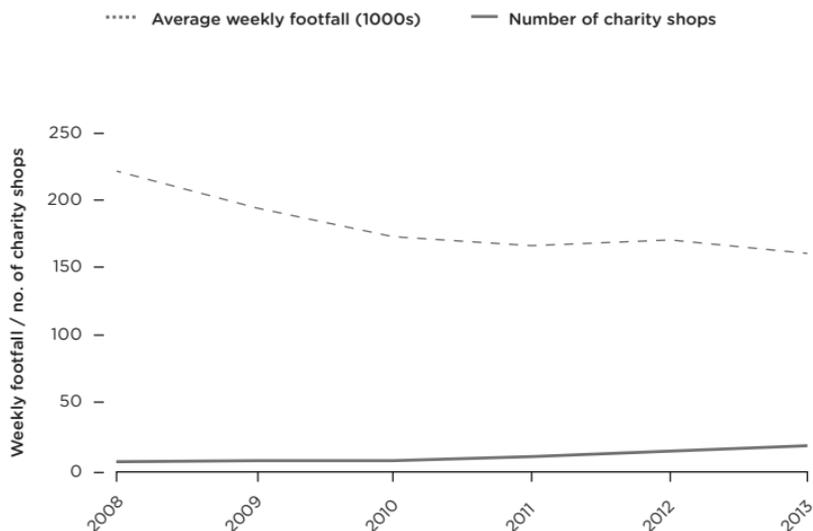
#### Charity with 13 shops

In order to explore this relationship in detail, we received footfall data from the commercial data company Springboard. Among the case study areas we chose, there were reliable historical data on footfall only for Birmingham city centre and Newport. Moreover, because of the size of Birmingham city centre, and the low number of charity shops (two), the data are not robust enough to analyse.

We have described above how the decline of the high street in Newport has been driven by the general economic climate combined with the loss of flagship stores like M&S to the nearby out-of-town shopping centre Cwmbran. Because of these trends, there was a significant reduction in the city's average weekly footfall – from 221,915 in 2008 to 161,396, a decrease of 27 per cent. At the same time, the number of charity shops in Newport rose from eight in February 2008 to 20 in May 2013 – a rise which must have been driven, at least in part, by demand for affordable goods.

Thus, while there is a correlation between the growth in charity shops and declining footfall, as seen in figure 8, the most

Figure 8 **The relationship between average weekly footfall and the number of charity shops in Newport, 2006-2013**



Source: Demos analysis using data from Springboard and Local Data Company

severe declines in footfall were experienced in 2008 and 2009, before the increase in the number of charity shops in Newport. Figure 8 also shows that the increase in charity shops coincides with stabilisation in footfall around the 170,000 mark. This suggests that charity shops have an important role in preventing footfall from falling any further by attracting shoppers and donors into Newport town centre. It is highly likely that, without the rise in numbers of charity shops, footfall would have plummeted even further. In addition to the role of charity shops in maintaining footfall, the stabilisation of footfall could be due to the relocation of a number of public sector agencies to a hub (the ‘information station’) within the city centre.

### Charity shops and competition with other shops

Finally, we look at the issue of competition provided by charity shops to other shops. Competition is typically a good thing because it drives down prices for consumers and ensures a good product and service. Yet, in the context of the current suffering high street, competition with small, independent shops – particularly when 'charity shops provide that competition – is sometimes discussed in a negative light.

As noted above, these complaints often crop up in reaction to the increasingly professional face of charity retail. Criticisms cluster in particular around the proportion of new goods, as opposed to donated goods, sold by charity shops. However, both our review and independent surveying by Charity Finance show that the percentage of new goods sold by charity shops, and the percentage of charitable income that comes from them, constitute only a very small proportion of income and total goods sold. Overall, sale of new goods accounts for just 6.8 per cent of shops' income on average.<sup>79</sup>

Of the charity shops we surveyed, 22 of 25 reported selling new goods and these made up between less than 1 per cent and a third of total sales, averaging at less than 5 per cent. This variation is in part due to different definitions of 'new goods', which can encompass brand new samples or defective goods donated by other retailers, bought in goods such as confectionery and stationery, including Christmas cards.

Nonetheless, despite arguments from some about charity shops selling new goods as opposed to donated goods, the fact remains that the income generated by charity shops goes towards charitable aims, including supporting the most vulnerable members of society.

### Summary

British high streets are clearly undergoing significant changes as a result of larger trends facing the retail sector and the economy in general. The rise of internet shopping and out-of-town retail centres has led to the demise of businesses that were once staples of the high street. With the likes of Woolworths, Clinton Cards

and HMV going bankrupt, small and medium-sized independent businesses are facing an incredibly difficult situation.

The British high street is not declining uniformly across the country, but is concentrated in economically depressed areas where hits to manufacturing, tourism and other industry have left behind disadvantaged communities. In these areas there is very little demand for consumer goods, which would lead to a healthy and vibrant high street.

In response to these changes, charity retail has become an increasingly common presence on the high street. Many have responded accordingly, becoming increasingly professionalised, as demonstrated in their products, shop fronts, presentation and management. Because of their growth in the midst of decline, some are scapegoating charity shops as a contributor to high street decline, rather than as symptom of it. As we demonstrate in this chapter, these arguments are often contradictory and based on perception rather than facts. The data that exist suggest that charity shops are helping high streets make the best of a bad situation: they occupy vacant property, keep rents low for other shops and help maintain footfall levels.

#### **Case study area 4: Paisley**

The Paisley case study highlights how charity shops are finding a number of innovative ways to reach out to the local community and can add unique value to regeneration.

*Troubles in Paisley's town centre predate the recession. Retailers we spoke to cited a wide range of causes, both historic and more recent, from the pedestrianisation of the high street in 1997 and the inadequacy (as in Morpeth) of business rates to reflect a change in footfall, to growing competition with out-of-town centres, high levels of antisocial behaviour, and the ever-present threat of online retail. In 2012 the Local Data Company showed that Paisley had the highest retail vacancy rate in Scotland, at 29 per cent. As one interviewee explained, 'Shops open and close again as quickly.'*

*The Paisley Vision Board, a council and private sector partnership, has taken a lead role in coordinating regeneration*

*efforts in the area. So far, initiatives have included work to improve the appearance of the main shopping streets, organising events, securing retailers to take over large vacant premises, and reopening the high street to traffic. Paisley is in the process of setting up a business improvement district, and conversations about whether or not to include charity shops in this were ongoing at the time of our research.*

*A number of charity shops organise or take part in events that bring people to the town, such as Accord Hospice's Fun Day, or the commemorative annual Paisley Witch Hunt. We found one shop was drawing on all its available resources to meet some very specific community needs. It contributed rags and offcuts to a children's craft group at the local library, and reserved particular items (eg buttons, ribbons, broken cups) for use by individual craftspeople with whom staff had built up a good relationship. In common with all our case study areas, none of the charity retailers we interviewed in Paisley had been consulted on, or were involved in, the business improvement district or similar initiatives. However, this particular shop demonstrated the valuable insights charity shops could bring to discussions about economic regeneration. Managers and volunteers had numerous suggestions about how to harness the local interest in craft to revitalise the high street – for example by using empty shops to showcase local crafts, or as venues for pop-up craft markets.*



# Conclusion and recommendations

Until recently, charity retail was a social good that was generally taken for granted. Charity shops encourage recycling and reuse and provide goods to people at affordable prices all the while raising income for parent charities. However, the charity retail sector – as well as the British high street and economy as a whole – is currently undergoing significant changes. The number of charity shops on British high streets has been rising since the early 2000s, with particular growth since the 2008 recession. Many are also becoming increasingly professionalised in their appearance and sales strategy, and are thus providing greater competition with other high street retailers and countering negative perceptions of charity shops as dusty and disorganised.

Our analysis suggests that there is no evidence to conclude that charity shops are discouraging investment in the high street by other businesses. On the contrary, the presence of charity shops is helping to maintain footfall and preventing high streets from descending into further despair.

While the sector remains a way off from being able to conduct a comprehensive SROI calculation, our research shows that the charity retail sector produces a significant amount of economic and social benefits for charities, individuals and local communities. This full range of benefits needs to be considered and recognised by the Government and local authorities when making decisions that could impact negatively on the sector.

Below, we offer a number of recommendations for policymakers and the charity retail sector based on our research.

## Recommendations

**The Charity Retail Association should stimulate discussion about social value among parent charities to encourage strategic approaches**

Our report highlights the positive but largely hidden impact that all charity shops have – an impact that runs deeper than local services to encompass ‘ancillary’ benefits of recycling, employment, volunteering, etc. Regardless of whether funds are spent on national medical research, international aid or local services, all charity shops have the potential to create a strong local ‘root network’, because they are so much a part of their communities. CRA has an important role to play in acknowledging and promoting discussion of this and related issues among its members.

**Charity shops should translate what individual shops’ fundraising means in terms of tangible outcomes and advertise this on shop fronts**

Following from the previous recommendation, parent charities that run charity shops should explore what impact they can have directly on local communities as a result of the income generated by those charity shops. As we saw above, the British Heart Foundation provides a best practice example of this. Its recent campaign focuses on communicating to customers and local stakeholders the income raised for charity by a particular shop and its translation into concrete benefits, for example, specifying the number of nurses and defibrillators they were able to provide.

This could help to strengthen the argument for their presence on the high street, and make visible the social value benefits they have.

**The Charity Retail Association should work with expert partners to develop a toolkit that charity retailers could use to quantify and present their social value**

As we note above, calculating an SROI figure for the entire charity retail sector would be incredibly difficult because of the

wide range of charities that operate charity shops, as well as the range of specific activities that those charities undertake. To work towards a calculation of social value for the entire sector, each individual charity should begin to understand and quantify its own social value. We see this report as the first step in this process, as it sets out the range of social benefits that charity retailers are already engaged in delivering.

Our report also suggests some ways of categorising social value (eg at individual or community, local or national level). However, charities themselves are best placed to supply the numbers that will make a concrete case for their contribution. The Charity Retail Association should assist this process by working to develop a toolkit that charities could use for this purpose. We recommend that CRA seek partnerships with other expert organisations such as the National Council for Voluntary Organisations. This toolkit could then be used for various purposes, such as to produce a social value estimate for the sector as a whole, to calculate the social value of all charity retail in a specific local area, and to calculate social value for each parent charity.

### **Local authorities need to collect better data about the health of their local high streets**

This project has brought to light a significant deficit in data on ‘high street health’ collected or held by local authorities. There are several reasons for this, including a lack of resources to purchase the data held by private companies. This is in marked contrast with shopping centres, which invest heavily in monitoring of footfall, spend and so on.

It is unrealistic to aim to return the high street to its former glory. Rather, if the high street is to be revitalised, it must adapt to changing consumer trends.<sup>80</sup> If local authorities are to take responsibility for this process, the first step must be improved collection and monitoring of baseline data on the current state of the high street – on footfall and spend, shop closures and retail mix. This will help local authorities proactively manage their town centres, but also help charity shops in their attempts to

disprove what we have found to be erroneous preconceptions of their economic impact.

**Local health and wellbeing boards and Jobcentre Plus should do more to promote volunteering in charity shops**

There is an increasing body of evidence demonstrating the health benefits of volunteering for adults of all generations. Evidence that we gathered as part of this report revealed that individuals who are using charity shops for these purposes have greatly valued the experience.

In our survey of volunteers, 90 per cent said that volunteering gave them an opportunity to socialise and meet new people, 80 per cent said that it helped them improve their self-esteem and confidence, and 61 per cent said it positively impacted on their mental and physical health. Moreover, 80 per cent said they had learned new skills, gaining experience in retail, and 70 per cent said it was beneficial for gaining work experience more generally. There are therefore potentially significant savings to be made in health and care expenditure by promoting local opportunities to volunteer.

And yet our research suggests that the overwhelming majority of volunteers and employees in charity shops find out about opportunities through shopping in charity shops or popping in; only a very small proportion were referred by Jobcentre Plus. While this demonstrates the community hub role of charity shops, it also suggests that more could be done to channel the long-term unemployed and those with disabilities towards volunteering in charity shops.

Increasing powers for public health are being devolved to local health and wellbeing boards, and they should consider and calculate the health benefits of the volunteering opportunities provided by charity shops in the local community. Parent charities and charity shop managers should proactively seek to establish partnerships with these local stakeholders in order to ensure that these benefits are recognised.

### Local authorities need to ensure that charity retailers are involved in local regeneration initiatives

Because of their increasing presence on the high street, as well as the social and economic benefits they provide, charity shops should be a key voice in the regeneration debate. Dramatic changes to the retail sector brought about through the internet and technology mean we can never return to the high streets of old. Instead, local authorities need to envisage a new role and function for local high streets, which includes a more creative mixture of housing, education, arts, retail and, importantly, services.

In addition to the increasing demand for ‘value-based’ retailing such as charity shops, our public survey showed that the second most popular reason to visit high streets was to access services. As we noted above, parent charities are increasingly using their shops to provide services (such as advice on housing and mental health) directly and to promote access to a charity’s services. These two trends suggest that charity shops will be an integral part of the high street’s evolution.

Yet despite some notable examples of charity shops involved in regeneration, our case studies suggest that there is scope for greater involvement of charity retail in regeneration initiatives. Where they are not involved, there is a significant gap, given their increasing professionalism and presence. While the onus should be on responsible local authorities to ensure that charity shops are included in future high street plans, charity retailers should also be proactive in their engagement with local authorities to ensure that they are included in regeneration strategies.



# Appendix 1 The Birmingham City Centre and Newry case studies

## Case study area 5: Birmingham City Centre

The Birmingham case study shows the general impact of the recession on the high street, even in a big city centre. It also highlights some positive initiatives to help young people into work, despite having only a very small presence in the city centre.

*With a population of just over 1 million, Birmingham is the UK's second largest city,<sup>81</sup> and its most ethnically diverse.<sup>82</sup> It is also the tenth most deprived city in England.<sup>83</sup> Over the past 16 years, the city has received over £1 billion worth of investment,<sup>84</sup> much of it into shopping centre developments and redevelopments, and an updated transport infrastructure.*

*Over the period 2008–2013, Birmingham has experienced a 10.4 per cent rise in vacancy rates and fluctuations in footfall. The city has ten business improvement districts, focusing efforts on a range of economic outcomes, from supporting independent retailers and creating a city 'brand' to improving aesthetics and ensuring continuity during infrastructure works.*

*The centre is somewhat unique among our case study areas in never having featured a large number of charity shops; the number has varied between nil and two. At the same time, mass or 'low end' retail of the kind often associated with charity shops – pound shops, payday loan shops, fast food franchises – is a growing phenomenon. In the Greater Birmingham area, by contrast, charity shops are as prevalent as elsewhere in the UK. One such shop, located in a deprived, majority Muslim area, attracted a diverse customer base and was highly valued as a source of advice and social interaction.*

*The key contribution made by the two city centre charity shops was in employment opportunities; both took on*

*apprentices and jobseekers, and one had a partnership with a local college, offering practical experience for students undertaking an NVQ in retail management.*

*As we found across all six case studies, shop managers and volunteers were not aware of any BIDs or other business-led efforts at regeneration, and did not perceive a link between their shop's activities and the changes they had observed on the high street. Shops did not report having encountered negative attitudes, though speculated that they might be protected from them because there were so few charity shops in the area.*

### **Case study area 6: Newry**

The Newry case study underlines the fact that some local authorities have very little or no data on the health of high streets.

*Newry, on the border of county Armagh and County Down in the south east of Northern Ireland, is a former market town with a population of 30,000. It has a low unemployment rate of 3.6 per cent,<sup>85</sup> and has been successful in creating more new small businesses per annum than any other constituency in Northern Ireland.<sup>86</sup>*

*The information we were able to obtain for Newry was limited. In response to our request for any data on either charity shops or economic success, Newry and Mourne District Council reported that it did not collect data on any relevant indicators. Furthermore, Newry was not included in the datasets we obtained from CBRE, the Local Data Company or Springboard. In the absence of hard data, we are unable to comment on footfall, vacancy, number of charity shops or any interaction between these.*

*However, our interviews with shop managers confirmed that Newry was no exception in social value terms; charity shops had remained a much-appreciated high street fixture in the face of reported recent shop closures, and they were meeting an increased demand for affordable clothing from customers feeling the squeeze on their disposable income.*

## Appendix 2 Detailed methodology for economic analysis

This appendix contains details about the sources and methods of collection for the data used in our economic analysis in chapter 4. We were fortunate in obtaining data from a number of sources.

### Local authorities

We approached the local authority responsible for each of our case study areas to ask for any data on the number of charity shops or the health of the high street (eg footfall, retail vacancy rates, shop openings and closures). Some responded that they did not hold such information; others were unable to tell us whether they collected or held it. Only Newport was able to pass on data on footfall, a 2013 profile of retail and consumer trends (purchased from Springboard) and vacancy rates (collected by the local authority).

### Individual charity retailers in case study areas

We surveyed all the charities with shops in our six case study areas, asking them to supply us with data on:

- shop rents paid from 2008 to 2013
- shop size in square feet
- new goods sales as a proportion of sales
- the proportion of mandatory business rate relief received
- the proportion of discretionary business rate relief received

Of the 52 shops surveyed, we received responses from 25.

### CBRE

CBRE provides commercial property services, and conducts and publishes a range of commercial data. CBRE kindly supplied *pro bono* data on quarterly prime rents (in pounds per square foot), from Q1 2008 to Q2 2013, for all our case study areas except Newry. Rather than an average of rents across each location, these represent ‘the typical “achievable” open market headline rent which an international retail chain would be expected to pay for a ground floor retail unit of up to 200 square metres of the highest quality and specification and in the best location in a given market’.<sup>87</sup>

### The Local Data Company

The Local Data Company uses a combination of proprietary technology and field research to gather and publish data on the leisure and retail industries across Great Britain. It kindly supplied us with the following data at cost for all our town centres except Newry:

- the number of charity shops from 2008 to 2013
- the retail vacancy rate 2008–2013 (Birmingham, Newport, Paisley) and 2009–2013 (Margate, Morpeth)
- the net change in openings and closures 2012/13
- the percentage of current occupiers that are independent, multiples, premium, mass or value retailers

### Springboard

Springboard provides the retail sector with technology and services to assist in the collection and analysis of performance data. Springboard kindly supplied us with the following *pro bono* data for all our town centres (including Newry):

- average calculated weekly footfall 2008–2013 (Birmingham, Newport)
- average estimated weekly footfall current year (Margate, Morpeth, Newry, Paisley)

- the percentage of total retail floorspace by type (grocery, fashion and comparison, household and DIY, electrical)
- retail spend
- rateable value: A1 (shops), A2 (financial and professional services), A3 (food and drink), retail premises, offices

## Our analysis

Because not all the data we received was comparable, we were not able to use all of it in our analysis. Table 1 lists the data we used.

**Table 1**

Indicator	Source
Prime rents (£ per sq ft)	CBRE
Number of charity shops	Local Data Company
Rent paid by charity shops (£ per sq ft)	Individual charities
Retail vacancy rate (%)	Local Data Company
Average weekly footfall	Springboard

For each area for which we had sufficient data, we compared:

- the number of charity shops with prime rents over time
- prime rents with rent paid by charity shops
- the number of charity shops with retail vacancy rates over time
- the number of charity shops with average weekly footfall over time

For each of these pairs of indicators, we examined the nature and strength of any correlation between them. The latter is expressed in a correlation coefficient. This is a number between  $-1$  and  $1$  which measures the degree to which two variables are linearly related. A correlation coefficient of  $1$  indicates a perfect linear relationship with positive slope (where

one variable has a high (/low) value, so does the other). A correlation coefficient of  $-1$  indicates a perfect linear relationship with negative slope (where one variable has a high (/low) value, the other has a low (/high) value). A correlation coefficient of 0 indicates no relationship between the variables. As our discussion of the analysis in chapter 4 makes clear, correlation does not necessarily imply causation.

### Calculating business rate relief

In chapter 4 we suggested that charity shops in England account for 5.03 per cent of charitable rate relief in England, and 2.79 per cent of all rate relief in England. These figures are based on a rough calculation using the somewhat limited available data. The Department for Communities and Local Government (DCLG) only collects data on the number of ‘hereditaments’ receiving charity relief and the amount of relief granted to charities. Charity shops are only one type of beneficiary within the broader category of ‘charities’, which includes any property used wholly or mainly for charitable purposes – eg a site where services are delivered, or a charity’s regional or national headquarters. We therefore sought to estimate the proportion of charitable rate relief granted to charity shops specifically, as follows:

- The average rateable value of charity shops in England is £20,415.<sup>88</sup> Multiplying this by the business rates multiplier, currently 47.1p,<sup>89</sup> gives an average business rates bill for charity shops, before application of any reliefs, of £9,615.465.
- Setting aside the issue of discretionary business rate relief, all charity shops (indeed, all charities) are entitled to 80 per cent mandatory business rate relief. Applying this discount to the average business rates bill pre reliefs gives a figure per shop of £7,692.372.
- If we assume that each of the 8,456<sup>90</sup> charity shops in England receives this amount of rate relief annually, then total government expenditure on funding such relief comes to £65,046,697.632.

- ONS figures show that, in 2012/13, total mandatory relief for charities came to £1,294.1 million, and total mandatory relief in any category to £2,329.8 million.<sup>91</sup> Our calculated figure for charity shops comprises – respectively – 5.03 per cent and 2.79 per cent of these two totals.

This calculation should be treated with a degree of caution. It may either overestimate or underestimate the amount of rate relief received by charity shops, for the following reasons:

- There may be charity shops in the total count that do not receive the mandatory 80 per cent discount (for example, because they operate on premises used primarily for non-charitable purposes).
- The total count may double count some recipients of charitable rate relief – for example where a shop operates out of premises where services are also provided, or which is also the location of charity headquarters.
- The average rateable value of charity shops of £20,415 may mask a broad range of rateable values. Some charity shops may occupy premises with a much lower rateable value.



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Since the economic downturn, charity shops have played a vital role in shoring up charitable donations at a time of restraint. Yet they have a value beyond fundraising for parent charities. The shops provide valuable recycling services and supply more affordable goods to a public facing a cost of living crisis. Even greater than this, they provide a number of important social and economic benefits to individuals – including customers, donors or volunteers – and local communities across the UK.

*Giving Something Back*, which builds on previous Demos work on social value, provides the most comprehensive research to date about the benefits these shops have for local communities in recession-hit Britain. It uncovers real social benefits, including their role in bringing a community together, tackling loneliness and in some cases providing a high-street outpost for service delivery. It also identifies a clear business benefit: not just through upskilling volunteers, but also assisting in the fight against high street decline.

The report's key recommendations challenge charity shops to do more to demonstrate the social value they generate, and communicate this to their local public through clear, tangible examples. The report also suggests that local health services and Jobcentres make use of the positives that volunteering in charity shops can provide. Finally, it argues that local authorities should do more to arrest high-street decline, and that, as a fixture on high streets across the UK, charity shops should be part of this discussion.

Ally Paget is a Researcher at Demos. Jonathan Birdwell is Head of the Citizenship and Political Participation programme at Demos.

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