

Shopping for good:  
the social benefits of charity retail

Peter Harrison-Evans

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Commissioned by Charity Retail Association and CarnegieUK

**Charity Retail Association**<sup>®</sup>  
The voice of charity retail



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## FOREWORDS

In 2013 the Charity Retail Association (CRA) commissioned a report from Demos entitled Giving Something Back. This report was the first systematic attempt to identify the social impact of the charity retail sector, in other words the benefits that the sector creates for society over and above the financial contribution made to parent charities. That report opened up a world which was hitherto largely beneath the radar: a world of employment and volunteering opportunities, community hubs, recycling and reuse, textiles and other goods kept out of landfill, provision of social benefits to communities, and providing a focal point in town centres for the charities' activities. It was hugely influential in identifying the importance, both quantifiable and more anecdotal, of charity retail to communities and individuals throughout the UK.

During 2015 the third sector faced an unprecedented amount of criticism from a range of sources. Whether it was unsolicited fundraising approaches, charity efficiency, executive pay or other issues, it seemed for a while that it was open season upon charities. It was against this background that the CRA decided, in early 2016, to commission an update of Giving Something Back from Demos who had done such a fine job on the original.

We were delighted that the Carnegie UK Trust gave their support to the new report, as they were especially interested in the extent to which volunteering in the charity retail sector could improve employability through skills enhancement.

We were not to be disappointed. This report is a comprehensive, clear and readable statement of the huge social value provided by the charity retail sector, containing some extremely useful recommendations upon which CRA will be acting, and encouraging others to act. We are very grateful to Demos for having done such a great job, and of course for the support of Carnegie both financial and in-kind. This will be one of our most useful lobbying tools and will inform the debate about charity retail, and its social value, for some time to come.

Robin Osterley

Chief Executive, Charity Retail Association

This report presents convincing and persuasive evidence to allow the confident assertion that charity shops generate substantial social, economic and environmental benefits. In short, they add to all our wellbeing.

Charity retail has never been short of controversy. I was Director of a charity in Scotland when we opened our first shop. Local retailers were vocal in their opposition that these shops were unfair competition and concerned that their customers would be driven from the high street. Time and building good relationships allowed the mutual benefits to commercial retailers and increased footfall to emerge. 30 years later the charity has 30 shops and excellent relations with other high street retailers.

This impressive report shows that charity retailers demonstrably provide a wealth of social value to their parent organisations and the communities in which they are situated. A prime value driver is the work opportunities they provide for volunteers. The number of volunteers in charity shops is quite astonishing. 220,000 volunteers giving their time and energy should be a statistic that is far more widely known. Volunteering is a significant bridge for those outside the labour market into employment. It is to their great credit that some charities also encourage and support work placements in their shops for those on benefit incomes.

For volunteers and work placements, the charity shops can provide a variety of positive outcomes from the opportunity to contribute to their community or a particular cause, to building vital skills and confidence to support access to paid employment. However, as with employment, the nature of volunteering is also changing. As motivations for why people take up a volunteering role evolve, so do the requirements of those roles. In the modern economy, the most thoughtful charity retailers are re-examining what they can offer their volunteers and how this plethora of opportunities can be shaped to best fulfil the individual's needs. The sector is increasingly making it an explicit aim to support people into work through volunteering, either for the first time, or after an extended break by providing meaningful work in a demanding but supportive environment.

The Carnegie UK Trust has taken a particular interest in modern work. Our attitude is that employment should add to an individual's wellbeing rather than undermine it. This is more complex than simply taking into account earnings alone. For work to be fulfilling requires a host of other attributes to be considered, including social connectedness and personal agency and the Trust is interested in exploring the factors and mechanisms which have a significant impact on our feelings of fulfilment in work.

It has been our great pleasure to support the Charity Retail Association and Demos as they have undertaken this highly important research into the social value of the UK charity retail sector, including the important role of the sector in supporting fulfilment in work, employability and wellbeing.

We look forward to drawing widely on the wealth of insightful evidence the report provides, to help shape and inform our own programme and future activities, enabling work to positively contribute to citizen wellbeing.

Martyn Evans

Chief Executive, Carnegie UK Trust

## ACKNOWLEDGMENTS

This report would not have been possible without the support of The Charity Retail Association and Carnegie UK Trust. In particular, I'd like to thank Robin Osterley, Matt Kelcher and Olaia Alamos Castresana from CRA, and Douglas White from Carnegie UK, for all their input and guidance throughout the course of the project.

This project is indebted to the many charity retail staff and volunteers that contributed to our research. Thanks to all the head office staff, shop managers and volunteers that gave up their time to speak to us, or completed our questionnaires.

At Demos, my thanks go to Ian Wybron who has helped oversee this project, and provided vital guidance at every stage of the research and write-up. Thanks to Eva Charalambous, Sophie Gaston, and our external copy-editor Susannah Wight, for expertly guiding this report to publication, and to Megan Corton Scott for managing the launch. Many other colleagues have contributed to various stages, and particular thanks go to: Claudia Wood, Chris Milner, and Freddie Lloyd.

Any errors or omissions remain entirely the authors' own.

Peter Harrison-Evans

September 2017

## EXECUTIVE SUMMARY

In 2013 Demos published *Giving Something Back*, a landmark report measuring the social value of charity shops in the UK. While it is well known that charity shops help raise substantial funds for their parent charities, our 2013 report was the first to look at the wider benefits that charity retail brings to customers, volunteers, staff and the community around each individual shop. Charity shops were found to provide good, local employment to shop managers, productive volunteering opportunities to a range of age groups, stability to ailing high streets, and environmental benefits through the reuse and recycling of unwanted goods.

This report looks at how the social benefits that charity shops deliver and the context in which they operate have changed since 2013. The past four years have been a turbulent time for the charity sector, the high street and the wider economy. In the charity sector, austerity has continued to put pressure on charity budgets, and in some cases these have been further squeezed following recent fundraising scandals. On the high street, the demise of some major retail brands has continued, although online competition has dramatically intensified. There have been some improvements in headline economic and labour market indicators, the extent to which they have actually fed through to the living standards of households across the UK has been limited. During this period, the charity retail sector has continued to expand and diversify, but over the past year it too has experienced headwinds from rising costs and slowing growth.

Despite these challenges, in the four years since our previous report charity shops have continued to professionalise and innovate, and in doing so they have broadened and deepened their social value. In what is arguably the sector's most substantial area of social impact – volunteering – charity shops have diversified their base through targeted approaches, which attract and support a vast and growing range of motivations and aspirations: from youth social action for teenagers to employability skills development for jobseekers and community rehabilitation for ex-offenders. On the high street charity shops have been one of the most resilient features of struggling town centres, but they are also adapting and contributing to areas that are gradually recovering – supporting a more vibrant and eclectic retail mix in rejuvenated localities. New analysis also finds that charity shops are cutting across social and demographic boundaries in attracting customers, providing affordable and specialist items for a cross-section of British society.

## METHODOLOGY

This report, based on research undertaken over 2016 and 2017, presents an updated analysis of the social value created by charity shops. Researchers employed a variety of quantitative and qualitative techniques to build a comprehensive picture of the current state of charity retailing. They included:

- a survey of 650 charity shop managers and volunteers (484 managers, 192 volunteers)
- a nationally representative survey of 2,000 British citizens
- semi-structured interviews with senior charity retail staff, shop managers and volunteers
- an analysis of updated local economic data on five case study locations – Birmingham, Margate and Morpeth in England; Newport in Wales; and Paisley in Scotland – first featured in our 2013 report.

## FINDINGS

This report updates some key data points from our 2013 study – for example, on the contribution of the sector to charitable income, reduced carbon emissions, the health of the high street, and outcomes for shop managers and volunteers. We also present new evidence on the profile of charity shoppers and donors, the impact of volunteering on employability skills, and the public's views on the presence of charity shops in their high street. We summarise our findings in figure 1.

*Figure 1 Quick Summary of findings:*

- Charity shops continue to provide a vital unrestricted funding stream for their parent charities, generating £270 million in profits in 2015/16.
- Through reuse and recycling activity charity shops reduced carbon dioxide (CO<sub>2</sub>) emissions by around 6.9 million tonnes in 2015/16.
- Use of charity shops transcends social boundaries. Women are 1.6 times more likely to shop in charity shops than men, but no other demographic category (age, social class, ethnicity, religion or geographical region) is a statistically significant predictor of use.

- The number of volunteers in the sector has risen by 4 per cent since our previous report, to an estimated 220,000. Volunteers are overwhelmingly satisfied with their role, with 90 per cent saying that they would recommend their organisation as a 'great place to work'.
- Volunteering in charity shops helps people to build confidence and develop employability skills that support the transition into paid work. Two-thirds of jobseeking volunteers say that volunteering has improved their employment prospects.
- Most managers (72 per cent) say they are satisfied in their role, but 1 in 5 say that their job is very stressful, and some say that the shift to more business- and target-oriented ways of working has increased pressure on them and undermined their motivation.
- Charity shops continue to be a lifeline for struggling town centres, with two-thirds of managers saying that their shop fills premises that would otherwise be left vacant. However, where economic conditions are improving, charity shops are also playing an active role in supporting high street rejuvenation through diversification and specialisation.
- Although three-quarters of members of the public agree that charity shops should receive business rate relief, about half of them think that a 'healthy' high street should contain fewer charity shops.

### Charity shops continue to provide a vital, unrestricted funding stream for their parent charities, despite a challenging wider funding environment

In 2015/16 charity shops generated over £270 million in profits to support the work and impact of their parent charities. The total income generated by charity retail rose to £1.3 billion in 2015/16, equating to roughly 3 per cent of the voluntary sector's total income. As this includes charities that do not operate charity shops, the contribution of retail chains to the overall income of individual parent charities is significantly higher.<sup>1</sup>

The substantial, and comparatively stable, income stream raised from charity shop sales is arguably more precious than ever, with austerity continuing to squeeze income from statutory sources, and recent fundraising scandals leading to far tougher fundraising regulations based

on 'opt-in' consent.<sup>2</sup> The Brexit vote may also directly threaten the £200 million in EU structural funds that UK charities receive annually.<sup>3</sup>

### Through reuse and recycling activity charity shops reduce CO2 emissions by around 6.9 million tonnes per year

Some 95 per cent of the clothes charity shops receive are either recycled or reused.<sup>4</sup> This has a significant environmental impact, diverting 331,000 tonnes of textiles from landfill in 2015/16, and in doing so reducing carbon dioxide emissions by an estimated 6.9m tonnes per annum.<sup>5</sup> Diverting clothing and other goods from landfill also has economic benefits for local councils by reducing costs of landfill tax (the tax paid by local councils for disposing of waste in landfill sites). In 2015/16 this saved councils an estimated £27 million.

### Use of charity shops transcends social boundaries, but donors are more likely to be women, older and religious

A statistical analysis of public polling data finds that gender is the only significant predictor of whether people use charity shops, with women more likely than men to have purchased an item from a charity shop in the last 12 months. People's social class, ethnicity, religion and region are not statistically significant predictors of their use of charity shops.

However, our analysis found that a number of demographic characteristics influence the likelihood of individuals donating to charity shops: women, older people and religious people are more likely to donate than other demographic categories.

### Volunteers are overwhelmingly satisfied with their role, and this applies across the wide spectrum of age groups and personal motivations catered for by the sector

The number of people volunteering in charity shops has risen by 4 per cent since our previous report in 2013, to an estimated 220,000,<sup>6</sup> and our public polling has found that some 6 per cent of adults (18+) have worked or volunteered in a charity shop at some point in their lives, equating to nearly 3 million people across Great Britain.<sup>7</sup>

Volunteers are overwhelmingly happy with their role, with 93 per cent of those surveyed saying that they were satisfied, and 90 per cent saying they would recommend their organisation as a 'great place to work'. Our survey findings show that volunteers of different ages and backgrounds get notably different benefits from their work. For example, when asked about the most significant benefit of their volunteering role, older people most commonly cite contribution to charity or the social aspects of the role, and most younger people mention work experience, and developing skills and confidence.

### Volunteering in charity shops helps people to build confidence and develop employability skills that support the transition into paid work

A quarter of people volunteering in charity shops are doing so while looking for paid work. Of these, two-thirds say that volunteering has improved their employment prospects, and when we asked shop managers about the progression of their jobseeking volunteers into employment, 1 in 4 said that 'all' or 'most' of those looking for a job had moved into paid employment. The study also found that volunteering in charity shops helps build skills that are important to securing more long-term employability outcomes. Jobseeking volunteers most commonly cited improved confidence and self-esteem as the primary benefit of their work, and significant majorities said that they had improved their communication, team-working, problem-solving, organisational and numeracy skills.

### Charity shops are a major provider of voluntary work experience placements organised through Jobcentre Plus, with mixed results

Our research revealed diverse attitudes towards Jobcentre placements, with some shop managers working closely and positively with local Jobcentres, while others reported having limited or negative experience of these placements. Some 17 per cent of jobseeking volunteers found their role through the Jobcentre Plus, and charity shops are a key partner for many Jobcentres in providing voluntary work experience placements. However, engagement with Jobcentres across the sector is mixed: although a third of shop managers said they worked 'very closely' or 'quite closely' with their local Jobcentre, a similar proportion said that the Jobcentre never referred volunteers to their shops.

Several shop managers and senior leaders we interviewed spoke positively about their working relationships with their local Jobcentre, which enabled them to fill vacant posts and gave jobseekers a vital leg-up into securing paid employment. Other interviewees had more mixed experiences. It seems that when charity retailers, particularly individual managers, had negative experiences this significantly affected their willingness to take on Jobcentre placements in the future.

### While most shop managers are satisfied in their role, changes to the nature of work in the sector risk leaving some behind

Nearly three-quarters of managers are satisfied in their current role, and just under two-thirds say that that they would 'recommend their organisation as a great place to work'. However, a significant minority of shop managers (35 per cent) say that their work is stressful, with 1 in 5 saying that it is 'very stressful'. These findings are linked to the changing

nature of work in charity shops, with many managers involved in a transition to a more business- and target-oriented approach. Although this has acted as a catalyst for growth in many charity retail chains (and consequently has boosted incomes for parent charities), a number of respondents felt that recent changes had increased pressure on them and undermined their motivation.

### Charity shops continue to be a lifeline for struggling town centres, and many are also playing a part in high-street recovery

Charity shops continue to perform a vital function in filling otherwise vacant properties in ailing high streets, with two-thirds of managers saying that their shop fills a space that would otherwise be left empty. Although many town centres remain in trouble, some headline indicators of high-street health have shown marginal improvements since our previous report. Our research finds that where high streets are recovering, charity shops can play an active role in supporting high street rejuvenation. As the sector becomes more professional (eg, using visual merchandising skills) and more specialised (eg, setting up vintage boutiques or specialist music stores), charity shops are contributing to a more vibrant and eclectic retail mix on certain high streets, including in our case study town of Margate.

### Although the public overwhelmingly supports charity shops receiving business rate relief, public opinion about the presence of charity shops on the high street is mixed

Our polling of members of the public found that three-quarters of them support the status quo of giving charity shops mandatory and discretionary relief on business rates, but our research suggests that the sector still faces an image problem. Over half of the public associates charity shops with high street decline, and exactly half think a 'healthy' high street should contain fewer charity shops. These views vary significantly by certain demographic and lifestyle factors. For instance, younger people are far less likely than older people to associate charity shops with high street decline. What is more, people who use charity shops are significantly more positive about them. While just 6 per cent of those who had not purchased anything from a charity shop in the last 12 months said that they thought a healthy high street should contain more charity shops, this figure rises to 32 per cent among people who use charity shops regularly.

## RECOMMENDATIONS

We make the following recommendations:

- [The Charity Retail Association \(CRA\) should develop a sector-wide campaign to promote volunteering in charity shops, backed up by a framework to monitor the social benefits gained by volunteers.](#) While our study found that volunteers of all ages and backgrounds experienced substantial benefits from their role, the volunteer base remains heavily skewed towards older people and women. This is particularly problematic when charity retailers' most commonly cited concern is to secure an adequate supply of volunteers.<sup>8</sup> The CRA should therefore develop a campaign to broaden engagement in volunteering in the sector, to address the shortage of volunteers and widen the social impact generated by the sector based on what we know about the benefits that current charity shop volunteers report. Guidance for retailers on how to measure the social impact of volunteering in their stores should underpin any campaign.
- [The CRA should stimulate discussion on how to promote greater engagement in the sector from men.](#) When looking at the profile of donors and shoppers we found that gender is the only demographic factor that significantly influences engagement in donating and shopping, with women significantly more likely than men to donate and to shop. There is therefore significant scope to expand the customer and supporter base by attracting more men into the sector. The sector should consider ways to promote male products, such as male formal wear, perhaps trialling specialist pop-up stores targeting male customers.
- [Charity retailers should ensure that there are structured routes for volunteers to learn and develop through internal progression opportunities and/or externally recognised qualifications and training programmes.](#) Our research found that volunteers, particularly those looking for work, benefited from structured approaches to induction and training. Charity retailers should develop a range of structured volunteer programmes that target specific groups or lengths of service, have specific learning or development outcomes, and are aligned with some form of internal or (preferably) external accreditation. There is scope from 2018 for charity retailers to access funding to take on apprentices, and retailers should start to assess the scope for providing apprenticeships within their shops.
- [To maximise the take up of, and benefits from, work experience placements, Jobcentre staff should set up clear communication channels with local charity shop managers about the voluntary nature of placements.](#) Our findings show that if positive working relationships can

be cultivated between staff in local Jobcentres and charity shops by providing work experience placements there can be significant benefits for jobseekers, charity shops and the public purse. To enable better joint working, Jobcentre staff should ensure they have clear lines of communication with local charity shop staff, ideally giving responsibility to a specific member of staff to liaise with nearby charity shops around work placements. Jobcentre staff should make clear to charity shop staff and jobseekers that jobseekers are referred to work placements entirely voluntarily.

- [The Department for Work and Pensions \(DWP\) should disaggregate work experience output and outcome data by business type, with charity shops included as a distinct category.](#) Currently, official statistics on Jobcentre work experience placements do not contain any breakdown by sector or job type. The DWP should record and publish information on the sectoral make-up of work experience placements to allow sector bodies (such as the CRA) to better understand the contribution of their industry.
- [Charity retailers should consider conducting wide ranging reviews of shop managers' pay and benefits to ensure that the sector can continue to attract new talent, and motivate existing managers to grow the economic and social impact of their shops.](#) While most shop managers are satisfied in their role, only a minority say that they feel they are 'rewarded appropriately' for their contribution. Clearly the implications of any significant changes to pay and benefits need to be carefully considered, particularly in their impact on the funds that charity shops generate for parent charities. However, if charity retailers want to continue to professionalise and diversify, they need to consider how they can best engage and motivate their managers, who are the engines of social value at the store level.
- [Charity retailers should develop and promote in-store services related to the mission of their parent charity or wider community need.](#) In our 2013 report we argued that charity shops could provide an important gateway for services delivered by their wider parent charity, or more broadly provide services or information that meet the needs of the local community. Our 2017 findings show that though there have been some 'bright spots' of innovation in the past four years, little progress has been made at an aggregate level. Charity retailers should consider introducing more formalised community engagement roles, as either standalone positions or as components of volunteering or retail managers' job descriptions. This could enable charity retailers to assess the role of their shops in delivering social value within the wider community more comprehensively.

## INTROCUCTION

Charity shops are used by nearly all of us in the UK – the latest figures show that nine in ten UK households make at least one purchase from a charity retailer in any given year.<sup>9</sup> Making a trip to your local charity shop, whether to pick out a vintage outfit or take advantage of lower-priced furniture, is an activity engaged in by a cross-section of British society from prudent Yorkshire pensioners to East London hipsters.

Charity shops are a useful resource for many households, and deliver a crucial income stream for many UK charities. In an era of rising demand for charities' services and a tight funding environment, charity retail generates around £270 million a year of much needed unrestricted funding.<sup>10</sup> Charity retail also provides both a literal and metaphorical shop window into a charity's work, with shopping in a charity store being the most common way that households engage with voluntary sector organisations.<sup>11</sup>

However, although they are widely used and are important fundraisers for charities, charity shops have also come under criticism in recent years, as symptoms, or for some even drivers, of a declining high street.<sup>12</sup> There is some evidence that this understanding of charity shops may have entered the public psyche – while they are used by the vast majority of us, there is anecdotal evidence that the public want to see less charity retail on their high streets.<sup>13</sup>

### Giving something back

In 2013 Demos entered this debate, publishing *Giving Something Back* – a report that measured the social value of charity shops in the UK.<sup>14</sup> The report found that not only does charity retail generate a reliable income stream to charities, it also provides a range of other social benefits for customers, volunteers, staff and the community around each individual shop. Charity shops:

- help to reduce carbon emissions by around 7.3 million tonnes per year by reusing and recycling donated stock
- support members of the public to offset the rising cost of living as nearly 40 per cent of respondents to nationally representative polling saying they were likely to save money by purchasing from a charity shop

- provide a source of good local employment to over 17,000 staff across the UK
- generate significant benefits to volunteers linked to their individual circumstances, including providing a key site for social interaction for retired volunteers, and a way of gaining work experience for jobseekers
- act as a 'gateway' to services for the community, particularly those services delivered by their parent charities, but also wider community provision
- exert a stabilising influence on ailing high streets, occupying otherwise vacant lots, and maintaining footfall in struggling town centres.

### Charity retail four years on

Demos is revisiting this topic four years on, to assess how trends within the sector and broader political, economic and social changes have influenced the benefits generated by charity retail. Over this period the sector has continued to grow and diversify, with year-on-year increases in charity shop numbers, coupled with a growth in specialist and off-high street stores.<sup>15</sup> The picture is not all positive, however, with slowing income growth and rising costs leading to a substantial fall (9 per cent) in profits in 2015/16, following years of steady growth.<sup>16</sup>

This report, based on research undertaken over 2016 and 2017, presents an updated analysis of the social value created by charity shops – for their parent charities, employees, volunteers, customers and communities – and the economic, social and policy contexts in which they operate. Our researchers asked some of the same key questions as in 2013 to gauge public opinion on the benefits of charity shops to their community, asking volunteers about the skills they have developed while working at their shop, and analysing local economic data to understand the impact of charity shops on the health of their high streets.

We have also posed new research questions, and investigated areas of social value identified in the 2013 report in greater depth. This study presents new evidence on:

- the profile of charity shoppers and donors, derived from a statistical analysis of the characteristics and demographics of people who engage or don't engage with charity shops

- public attitudes to the prevalence of charity shops on their high street, including their views on calls for local authority controls on charity shop numbers
- the satisfaction of charity shop managers with their jobs
- the impact of volunteering on jobseekers' employability skills and outcomes, and provides a detailed assessment of the benefits and challenges of partnership working between charity shops and Jobcentre Plus.

We used a variety of quantitative and qualitative techniques to build a comprehensive picture of charity retailing in 2016/17. This included quantitative surveys of the public, charity shop managers and volunteers. For the public survey, we commissioned polling experts Populus Data Solutions to conduct a nationally representative survey of 2,000 British citizens, exploring people's attitudes towards their local high street, charity shops' place within it, and the benefits that charity shops provide. We surveyed over 650 people working in charity shops (484 managers and 192 volunteers). We undertook qualitative research through semi-structured interviews with senior charity retail staff, charity shop managers and volunteers. Finally, we analysed updated local economic data on five case study locations – Birmingham, Margate and Morpeth in England; Newport in Wales; and Paisley in Scotland – first featured in our 2013 report.

## The report

We present the findings of our research as follows. In Chapter 2 we look at how the economic value generated by charity shoppers and donors has changed since our previous report, and the implications of this for the vital income streams that charity shops provide to their parent charities. We also present evidence from a statistical analysis of the profile of shoppers and donors, assessing which demographic factors influence engagement with charity retail.

In Chapters 3 and 4 we assess the benefits of charity shops for volunteers and staff, discussing our survey of shop volunteers and managers. After reviewing the breadth of volunteer benefits, we take a detailed look at charity shops' social value in relation to employment and employability, assessing the benefits for paid staff and volunteers looking for work. We present new evidence on how effective working relationships between charity shops and Jobcentres can support improved employability outcomes for jobseekers.

In Chapter 5, we look at the benefits that charity shops provide to the high street and communities around them, and assess how changes on the British high street since 2013 have impacted the sector. We review public opinion on the continued debates around rate relief (and planning laws) and the presence of charity shops on the high street. Finally, we provide evidence on the benefits that charity shops can provide beyond their immediate high street vicinity, looking at the role they can play as a community resource in areas such as recycling, awareness raising and service delivery.

In the concluding chapter we present our recommendations.

## SHOPPERS AND DONORS

We know that a majority of the British public shop or donate to a charity shop every year. Our 2017 polling shows that 74 per cent of UK adults have donated to charity shops in the past 12 months, and 61 per cent have purchased at least one item from a charity shop over that same period. And although many people do so only a handful of times a year (roughly 60 per cent of donors and shoppers donate or purchase up to five times a year), for some visiting a charity shop to drop off clothes or pick up a bargain is as regular a pastime as doing the weekly food shop. Roughly 1 in 20 people are 'super-donors' or 'super-shoppers', doing so over 20 times a year.

Collectively these donors and shoppers provide the stock and sales revenue that charity shops need to continue to support the social impact of their parent charities. In the 2015/16 financial year charity shops generated an estimated £270 million in profits, providing parent charities with vital unrestricted funds, often in a context in which funding from other sources is harder to come by.<sup>17</sup>

Thus we know quite a bit about the prevalence of charity shopping or donating, the regularity in which people do it and its financial impact, but little research has been conducted into the characteristics of charity shops' customer and support base. While there may be stereotypes about who uses charity shops, such large scale engagement by the British public suggests that the profile of shoppers and donors reflects the UK's population as a whole. However, although a significant majority of the population uses charity shops, a substantial minority (14 per cent of people) neither donated nor bought an item in the past year. Knowing who does and does not engage with charity retail will help charity shops to continue to grow their economic and social value, and meet ever rising store- and chain-level targets.

In this chapter we assess the economic impact of shopping and donating, before statistically analysing the profile of charity shoppers and donors. Through this analysis we will look at what demographic characteristics influence people's engagement with charity shops, and assess the extent to which the profile of the customer and supporter base reflects the wider UK population.

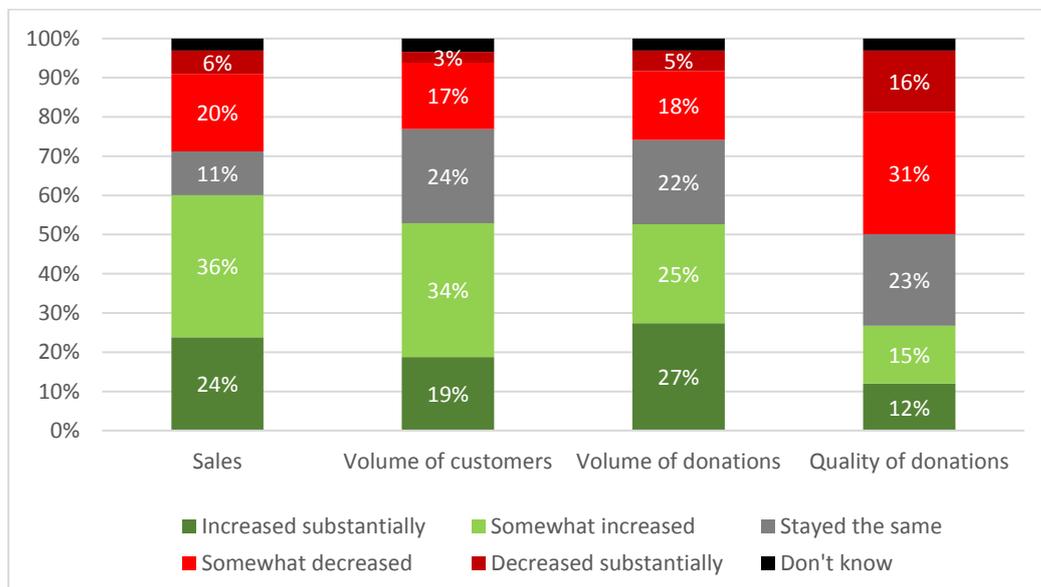
### **A vital income stream for parent charities**

Profits in the sector have fallen since our previous report, down by 5 per cent on the figure for 2012/13 and by 9 per cent on their peak in 2014/15.<sup>18</sup> This fall in profitability has been largely driven by rising costs, such as increases in staff costs, rents and council charges, rather than

any contraction in sales or donations. This reflects the countercyclical nature of charity retail performance, with labour market improvements and a marginally improved situation on the high street leading to higher staff and rental costs.<sup>19</sup>

By contrast in the four years since our previous report the number of sales by and donations to charity shops has grown. Significantly more managers who had been in the post for four years or more thought that sales, customers and donations had increased over this period than thought the reverse (figure 2). However, nearly half of managers said that the quality of donations had fallen, though a quarter thought quality had increased.

Figure 2 Managers' views on changes to sales, customers and donations since 2013



Therefore, while profitability has been squeezed slightly, as sales and donations have increased, the total income of charity shops has continued to rise (albeit relatively slowly) reaching £1.3 billion in 2015/16. This equates to roughly 3 per cent of the voluntary sector's total income, although as this figure includes charities that do not operate charity shops, the contribution of retail arms to the overall income of individual parent charities is significantly higher.<sup>20</sup>

The substantial, and comparatively stable, income stream raised from charity shop sales is arguably more precious than ever for parent charities in the context of a challenging and precarious wider funding environment. For example, charitable income from government grants has halved between 2004 and 2014 (from £6.1 billion to £2.8 billion).<sup>21</sup> Fundraising scandals in 2015 and 2016 placed added pressure on the

sector, with a number of charities subsequently ending their use of third-party fundraising agencies, or switching to an opt-in system for communicating with potential donors.<sup>22</sup> The Brexit vote also directly threatens the £200 million in EU structural funds that UK charities receive annually.<sup>23</sup>

## The characteristics of shoppers and donors

Who contributes to this vital income stream for UK charities? In our 2013 report we used polling data that showed that significant proportions of all social classes used charity shops to challenge the view that charity shops were the preserve of any one socioeconomic group. However, beyond this there is little published research on the characteristics of charity shop customers.

There is slightly more evidence on the profile of donors. The Charities Aid Foundation's annual study of charitable giving in the UK noted that older people and women are more likely than younger people and men to donate goods to charities.<sup>24</sup> There is also a somewhat stronger evidence base on how different demographic factors influence charitable giving generally (not just to charity shops). A 2013 study by the Institute of Social Change, based at the University of Manchester, found an inverse relationship between charitable giving and household income, with the poorest 20 per cent of people giving a greater proportion of their income than the richest 20 per cent (3.2 per cent compared with 0.9 per cent). The study reported that ethnicity and religion were significant factors, with 'Muslims in general, and people of Pakistani or Bangladeshi origins in particular... giving the highest proportions of their incomes to charitable causes'.<sup>25</sup>

There is also some indication that geography may exert an influence on the level of people's charitable giving, and potentially the extent to which they engage with charity shops. A 2010 study by the Centre for Charitable Giving and Philanthropy (CGAP), for example, found that households in Northern Ireland were twice as likely as households in Wales, the West Midlands and North East England to donate to charity.<sup>26</sup> According to Civil Society Magazine, there is also regional inequality in the distribution of charity shops. For example, national chains have double the number of shops in the South East than in Eastern England despite a population differential of just 50 per cent.<sup>27</sup>

Although none of the above examples provide clear evidence on the profile of charity shop donors and shoppers, they indicate there are some demographic characteristics of the people likely to donate to and shop in charity shops, as set out in table 1.

Table 1 The demographic characteristics of charity shop donors and shoppers

| Demographic characteristic | Existing evidence  |
|----------------------------|--|
| Gender                     | Women are more likely to donate goods than men   |
| Age                        | Older people are more likely to donate goods than younger people   |
| Income or social class     | People on lower incomes are likely to give a higher proportion of their income to charity than those on higher incomes<br><br>Social grade does not influence who uses charity shops |
| Ethnicity                  | Certain ethnic minority households are more likely to donate than the average household  |
| Religion                   | Religious people are more likely to donate than non-religious people   |
| Region                     | Households in Northern Ireland are nearly twice as likely to donate as those in Wales, the West Midlands and North East England  |

## The characteristics of shoppers and donors

To test the extent to which these factors influence the level in which people engage with charity shops, this study uses our 2017 polling data, which provide a nationally representative sample of 2,038 adults across Great Britain.<sup>28</sup> As part of this poll we asked people whether they had donated and/or purchased an item from a charity shop in the past 12 months. We also collected full demographic data on each respondent. This provides us with a breakdown of donor and shopper habits by demographic characteristics.

However, with this information alone it is difficult to say how each individual demographic factor relates to donating or shopping. For example, in the CGAP study mentioned above, the authors state that Northern Ireland's high giving rate may be a result of the 'relative importance of religion in Northern Ireland'.<sup>29</sup> And similarly, when looking at differences in giving across London boroughs the CGAP report argues that this 'may be explained to a large extent by variation in income'.

Therefore, making claims based on proportions of people in one demographic category is complicated by the fact that their actions may be influenced by another characteristic.

To disentangle these overlapping factors, this study employs a logistic regression analysis<sup>30</sup> to construct two statistical models, the first assessing how the demographic factors identified in the literature influence the likelihood of people donating to charity shops, and the other looking at how these factors influence whether or not people have shopped in charity shops over the past 12 months (see technical appendix for fuller description of methodology and full regression tables).

Our statistical analysis found (when controlling for other variables) the following characteristics of *charity shop donors*:

- Gender, age, social grade, and religion are significant predictors of the likelihood of people donating to charity shops.
- Ethnicity and geographical region are not significant predictors of the likelihood of donating.
- Women have twice as high odds as men of donating to charity shops.
- Older people are more likely than younger people to donate. Compared to 18–24-year-olds, 35–54-year-olds have roughly twice as high odds of donating, and those aged 55 and over have roughly three times higher odds.
- People in higher social grades are more likely to donate. People in the C2 and DE social grades have 38 per cent and 49 per cent lower odds of donating respectively than people in the AB category.
- People who say they are religious are more likely to donate than people who say they are not. Christians have 1.4 times higher odds of donating, while people of other religions have 2.2 times higher odds.

Our statistical analysis found (when controlling for other variables) the following characteristics of *charity shoppers*:

- Only gender is a significant predictor of the likelihood of people shopping at charity shops, with women having 1.6 times higher odds of purchasing an item from a charity shop than men.
- There is also some indication that age may be a factor, although not all age groups are found to be significant predictors: 35–44-

year-olds, 45–54-year-olds, and people age 65 and over, all having roughly 1.5 times higher odds of using charity shops than 18–24-year-olds.

- All other demographic characteristics (social grade, religion, ethnicity, geographical region) are found not to be statistically significant predictors of people shopping at charity shops.

## **Charity shopping – an activity that transcends social boundaries**

Thus our analysis finds that gender is the only demographic factor that exerts a significant influence on whether people buy from charity shops, with women more likely than men to have purchased an item from a charity shop in the last 12 months. The other demographic characteristics in our model are found to be either partially or wholly insignificant in determining the likelihood of people using charity shops.

The lack of influence of these other demographic factors supports and deepens the finding from our previous report that charity shops are not the preserve of any one socioeconomic group – people's social class, ethnicity, religion and region are all found not to influence their use of charity shops. Although stereotypes may say otherwise, our findings provide statistical backing to the claim that the use of charity shops transcend key social boundaries – charity shopping is for everyone.

## **Donors**

The picture on charity donors is notably different from that of shoppers, with our analysis finding that various demographic characteristics influence the likelihood of individuals donating. In line with existing evidence, we find that women, older people, and religious people are more likely than younger and non-religious people to donate to charity shops.

Our model also finds that people in lower social grades are less likely to donate – this runs counter to some of the evidence, which shows that those on lower incomes are likely to give more. This discrepancy may be the result of genuine differences in the charity retail sector, but it could also be that our dependent variable (does or does not donate) fails to pick up variation in the proportion or value of goods donated by different social grades.

We find no evidence that people's ethnicity or where they live influences the likelihood of them donating to charity shops, which again runs counter to the wider literature of charitable giving. However, the categories we used for both factors were particularly broad (two categories for ethnicity and five for region). It may be that more granular data would show differences, but this would require a significantly larger overall sample size.

### **The interrelationship between shopping and donating**

Our polling suggests that another explanatory factor influencing the likelihood of shopping is whether people donate. For example, while 72 per cent of those who had donated to a charity shop in the past 12 months said that they had purchased at least one item from a charity shop, this figure falls to just 30 per cent for people who had not donated.

It seems that the reverse is true as well: shopping in charity shops increases the likelihood of the shopper donating. Some 87 per cent of people who purchased from a charity shop also donated, compared with 43 per cent who didn't buy anything.

It is not clear from the polling whether one of these factors (shopping or donating) drives the other so they were left out of statistical analysis. Regardless of the exact causal relationship, the polling data suggest that any efforts to broaden either the customer or donor base are likely to be a win-win for charity shops and widely increase levels of engagement.

### **Summary – shoppers and donors**

In 2015/16 charity shops generated over £270 million in profits to support the work and impact of their parent charities. While total income generated by charity retail rose to £1.3 billion in 2015/16, because of rising costs profits fell by 9 per cent on the previous financial year.

When analysed statistically public polling data show that gender is the only significant predictor of whether people use charity shops, with women more likely than men to have purchased an item from a charity shop in the last 12 months. People's social class, ethnicity, religion and region do not influence their use of charity shops. However, our analysis showed that several demographic characteristics influence the likelihood of individuals donating. Confirming existing evidence, we found that women, older people, and religious people are more likely to donate to charity shops than men and younger and non-religious people.



## VOLUNTEERS

Nearly a quarter of a million people volunteer in the charity retail sector and our public polling found that some 6 per cent of adults (aged 18+) have worked or volunteered in a charity shop at some point in their lives, equating to nearly 3 million people across Great Britain.<sup>31</sup> Given the size of this (current and historical) volunteer base there's huge scope for charity retail to impact positively the lives of the people whose hard work raises millions for charities each year.

Our 2013 study noted that volunteering in charity shops provided multiple benefits to a diverse range of volunteers, from promoting a sense of belonging to a team, to improving self-esteem and confidence, to supporting people looking for work to develop skills and enter paid employment. We found that charity retail offered 'good jobs for local people' by providing stable employment to shop managers, even in economically depressed regions.

In this chapter we assess how the volunteer base and wider labour market have changed since 2013. We also look in greater depth at the social value provided to different groups of volunteers, focusing on the quarter of charity shop volunteers who are currently looking for paid work. Research has shown that volunteering can improve employment outcomes through developing key employment-related hard and soft skills.<sup>32</sup> Our research tests this theory for the charity retail sector, and looks at how employability-related benefits can be maximised for jobseeking volunteers.

### The Benefits to volunteers

There's a widespread and long-standing evidence base on the positive social impacts of volunteering on physical<sup>33</sup> and mental health,<sup>34</sup> social relationships,<sup>35</sup> and broader work and life outcomes.<sup>36</sup> Our 2013 study found that these benefits were overwhelmingly reported by charity shop volunteers.

In 2017 little seems to have changed: respondents to our volunteers' survey continue to feel that they get a lot out of volunteering. Overall, 93 per cent of volunteers say they are satisfied with their current volunteering role, and 90 per cent say they would recommend their organisation as a 'great place to work'. Large majorities say that they benefit from being able to contribute to their specific charity (96 per cent), to charity in general (96 per cent) and to their communities (90 per cent). Similarly large numbers report that the social aspect of volunteering is important to them, with 95 per cent agreeing that volunteering has provided an

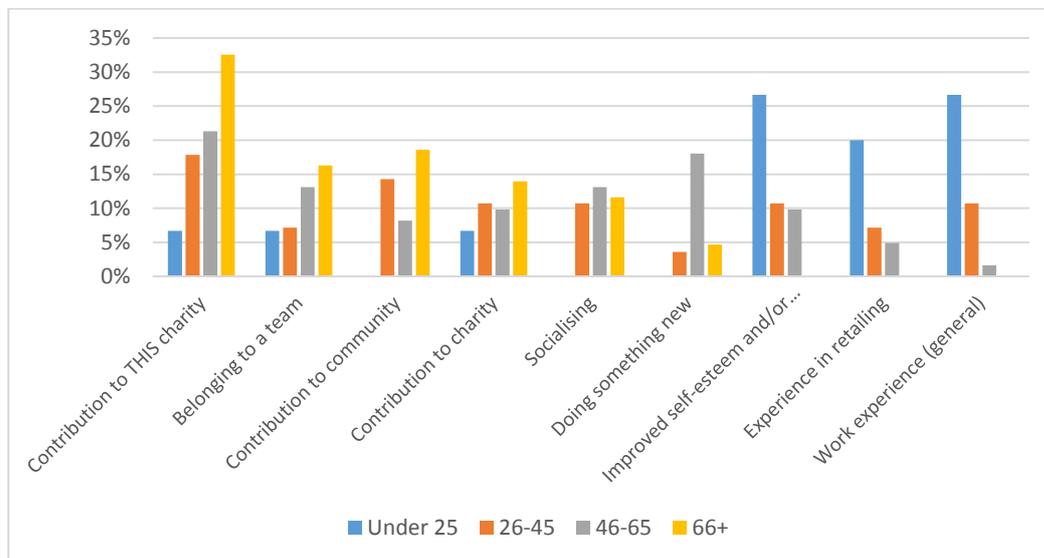
opportunity to socialise and meet new people, and 92 per cent benefiting from a sense of belonging to a team.

Slightly lower, but still significant majorities agree that they have benefited through personal and skills development because of their volunteering role. Roughly three-quarters of volunteers think that working in a charity shop has improved their self-esteem and confidence (77 per cent), and improved their physical and/or mental health (73 per cent). Three-quarters (75 per cent) of volunteers say they have gained new skills from volunteering. Significant majorities believe these skills are relevant for the wider labour market: 70 per cent say they have benefited from their general work experience and 63 per cent say they have gained from their retail experience.

Part of the reason for fewer volunteers reporting that they benefit from personal and skills development when working in charity shops than those reporting altruistic or social benefits is related to the different motivations that volunteers have for taking up their role. For example, retired volunteers are unlikely to be interested in employment-related outcomes. Our survey findings back this up, showing how volunteers of different ages get notably different benefits from their volunteering role (figure 3).

When asked about the most significant benefit of their volunteering role, older volunteers most commonly cite contributing to charity or their community, and the social aspects of the role. Younger volunteers' responses to this question are starkly different, with most mentioning work experience, and skills and confidence development. In sharp contrast to other age groups, the second most commonly reported benefit for 45–65-year-olds is the opportunity to 'do something new or interesting with my time' – this suggests that charity shops can provide a new challenge for people who are still of working age, but who may have been in their current job for a significant amount of time.

Figure 3 Volunteers' views on the single most important thing that they get out of volunteering, by age



### Diversifying the base and broadening the offer

Although the recruitment of volunteers represents a perennial challenge for charity retailers, it seems that pressures around recruitment have intensified since our previous report. The number of volunteers rose by 4 per cent (to an estimated 220,000) between 2013 and 2016, but this growth has been slower than the growth in number of shops.<sup>37</sup> Over half of the managers (55 per cent) responding to our survey said that volunteer availability and recruitment had worsened over the last few years, with only 18 per cent saying the reverse. According to Charity Finance Magazine, recruitment of volunteers is now the main concern for shop managers.<sup>38</sup>

Many managers and head office staff believe the more challenging volunteering climate is caused by economic and labour market trends. As wages have stagnated since the recession people stay in work longer, stay-at-home parents return to work, and grandparents take on greater child care duties. As well as experiencing problems in raw numbers, many of the charity retailers pointed to more qualitative changes in the volunteer base that have increased workforce planning pressures – as explained by one volunteer manager:

*The volunteer workforce is a lot more transient than it used to be. It used to be that people come and volunteer and they'd be with you... [now] the volunteer's time with you has become less.*

In response to these challenges many retailers have introduced policies to attract a wider range of people and diversify their volunteer base – which remains skewed towards older people and women (39% of charity shop volunteers were over 65, and 79% were women in 2015).<sup>39</sup> Charity retailers have taken both supply- and demand-side approaches to this challenge – on the supply side working to diversify volunteer recruitment channels, and on the demand side developing the offer to prospective volunteers to better align with a range of personal characteristics and circumstances.

Although charity shop volunteers are still most likely to have heard about their role through inquiry or signs in a shop, the proportion of volunteers in this position has come down slightly between 2013 and 2016 (from 52 per cent to 46 per cent). Many of the retailers we spoke to had attempted to develop or strengthen ties with local organisations that could provide a more stable pipeline of volunteers. For example, some had run events or campaigns within the local community to raise awareness about volunteering opportunities, given presentations in schools or at university jobs fairs, and made greater use of online advertising (eg, through the volunteering website Do-it; <https://do-it.org/>) or social media. Some retailers had established successful relationships with local volunteer centres who were able to refer suitable volunteers, although many managers described the relationship with volunteer centres as 'hit-and-miss', with many centres under intense funding pressures and struggling to provide a reliable service.

As well as diversifying recruitment channels, retailers are also trying to broaden their volunteering offer to attract a wider range of volunteers. To do this, some charity retailers have developed programmes to attract certain groups of volunteers (see below), while others have made changes to volunteer roles and training to better fit around a broad range of personal circumstances. For example, British Red Cross has introduced new 'short-term' volunteering roles (limited to 12 weeks) to encourage volunteers who don't want to commit to an indefinite period of volunteering, but want to contribute and gain experience over a shorter period. The charity has worked to simplify the application and registration process for these types of volunteers, and provided guidance to managers clearly delineating the kinds of roles that short-term volunteers can be expected to perform. The introduction of the short-term role has enabled British Red Cross to provide a clear offer to specific volunteer groups, such as jobseekers or students.

## Supporting youth volunteering and skills development

Many of the charity retailers whom we spoke to have introduced schemes to support specific volunteer types. Some told us about programmes to encourage more young people into volunteering by providing tailored support to increase their employability and life skills. Although many charity shops have for some time supported young people to fulfil the volunteering component of youth development programmes such as the Duke of Edinburgh Award, a number are now developing their own schemes to take on more young volunteers, including current students and recent school leavers. One medium-sized retail chain began to support skills development by providing more structured learning opportunities in store, and being aligned to externally recognised schemes such as the Universities and Colleges Admissions Service (UCAS):

*We really focused on improving [young volunteers'] communication skills, improving your people skills, gaining experience in retail, learning things about fashion, learning things about social media. It was more qualities that they can gain, which they can go and put on their CV. We also have focused on UCAS points... you get a certain amount of UCAS points if you do volunteer for the charity.*

## Providing positive opportunities for (ex-)offenders

Charity shops are increasingly providing opportunities for people within or leaving the criminal justice system. Many take on people serving community payback sentences, with roughly a third of those serving community orders working in charity shops.<sup>40</sup> Although there may be a perceived risk to this practice, the managers whom we spoke to were positive about the experience, stating that those serving community payback sentences were generally punctual and worked hard as they were keen to complete the hours set by the courts. Managers told us that some community payback workers stayed on and became volunteers after they had served their sentence. Charity shops are thus supporting offenders to engage in positive activity within the community, and this may help to reduce some of the risk factors associated with re-offending.<sup>41</sup> 'You tend to find that some community payback workers can be very productive and very positive... In a lot of cases, people have decided to stay'.

Some charity retailers are going further than supporting community payback workers by providing volunteering opportunities for offenders

nearing the end of their prison sentence, to help their re-integration into the community. Sue Ryder has pioneered this approach, setting up a Prison and Community Justice Programme (formerly the Prison Volunteer Programme) in 2006. The programme works with 45 prisons across the country, each year providing volunteering opportunities to around 250 prisoners, released on temporary licence.<sup>42</sup> The programme has received widespread acclaim, and evaluations have evidenced positive impacts on those taking part, who report improvements in confidence, interpersonal and employability skills, and their capacity to cope with life outside prison.<sup>43</sup>

### **Benefits to volunteers looking for paid work**

Another key volunteer group for charity retailers are jobseekers. Unemployment levels have fallen significantly since our last report, but the proportion of jobseekers responding to our volunteer survey remained largely unchanged between 2013 and 2016, at around a quarter of all volunteers. It seems therefore that charity shops are continuing to play a significant role in helping jobseekers gain experience.

Although the numbers of volunteers looking for work has remained relatively constant, the proportion of jobseekers who have been volunteering for over a year has risen from 49 per cent in 2013 to 57 per cent in 2016. Part of this change can be accounted for by sampling variations, but it seems that as many shorter-term volunteers have re-entered paid employment, charity shops are increasingly supporting volunteers who were, at least initially, further from the labour market.

### **Job outcomes and employability skills and development**

There's a significant consensus across a range of studies that volunteering can be an effective pathway to employment.<sup>44</sup> For instance, studies mainly based on self-reported measures have found that people who have been looking for work feel that volunteering has had a positive impact on their ability to secure employment,<sup>45</sup> has supported the development of hard<sup>46</sup> and soft skills,<sup>47</sup> and has enabled them to develop behaviours and attitudes required to enter and sustain employment.<sup>48</sup>

Our survey findings suggest that these employability-related outcomes are generated by the charity retail sector. Over a quarter of shop managers told us that 'all' or 'most' of their jobseeking volunteers moved into paid employment, either during or immediately after volunteering in

their store, and exactly two-thirds of volunteers agreed that their role had improved their employment prospects.

We know from our 2013 report that a significant proportion of jobseeking volunteers can secure paid employment within their current charity or the wider charity retail sector. Our 2017 findings show that 1 in 5 shop managers have previously been a volunteer in their shop, and just under half of all shop managers (47 per cent) had some experience of volunteering in charity retail before becoming a paid employee.

Although there is a direct route to paid employment for some volunteers, clearly not all of the volunteers looking for paid work can be accommodated within any one charity retail chain. However, charity shops also enable those looking for work to develop key competencies and hard and soft skills that can support a transition to paid employment in the wider retail sector and labour market in general.

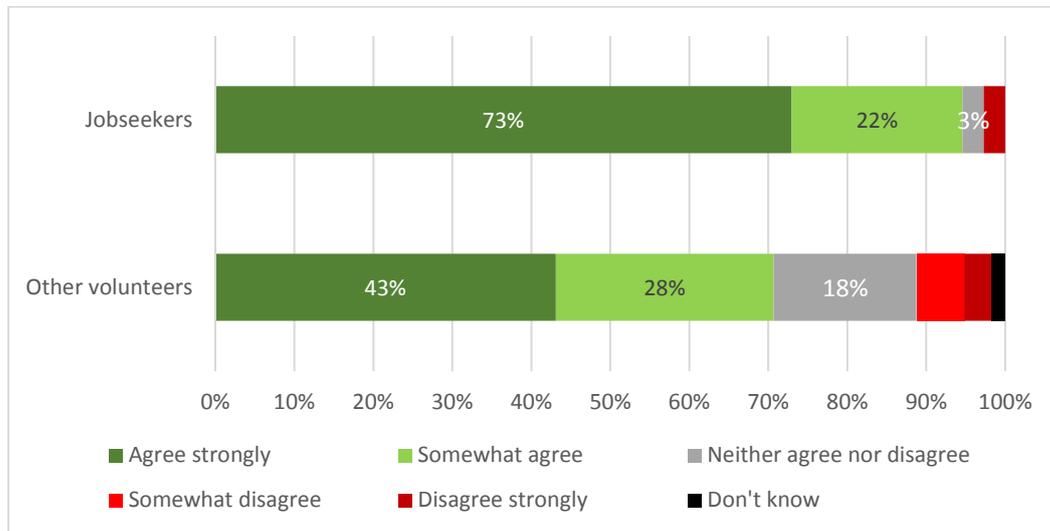
### Confidence building

In our interviews and surveys we found the most commonly cited benefit of charity shops by jobseekers was in helping them (re)build confidence and self-esteem, whether the volunteer was new to the world of work (eg, school leavers) or had been out of work for some time. When people are unsuccessful in obtaining work their self-esteem can be significantly reduced, and volunteering in a charity shop can help to restore this, as explained by one of the volunteers whom we spoke to:

*One of the main things they do is give you some confidence back, you get such a hard knock all the time looking [for work], it's nice to go to somewhere like that, you get recognised for the fact that you are a good worker.*

Nearly all (95 per cent) of the volunteers looking for work who responded to our survey agreed that one of the benefits of volunteering was gaining improved self-esteem or confidence (a figure significantly higher than for people volunteering for other reasons, see figure 4). Nearly a quarter of jobseekers considered their improved confidence was the most significant benefit of volunteering.

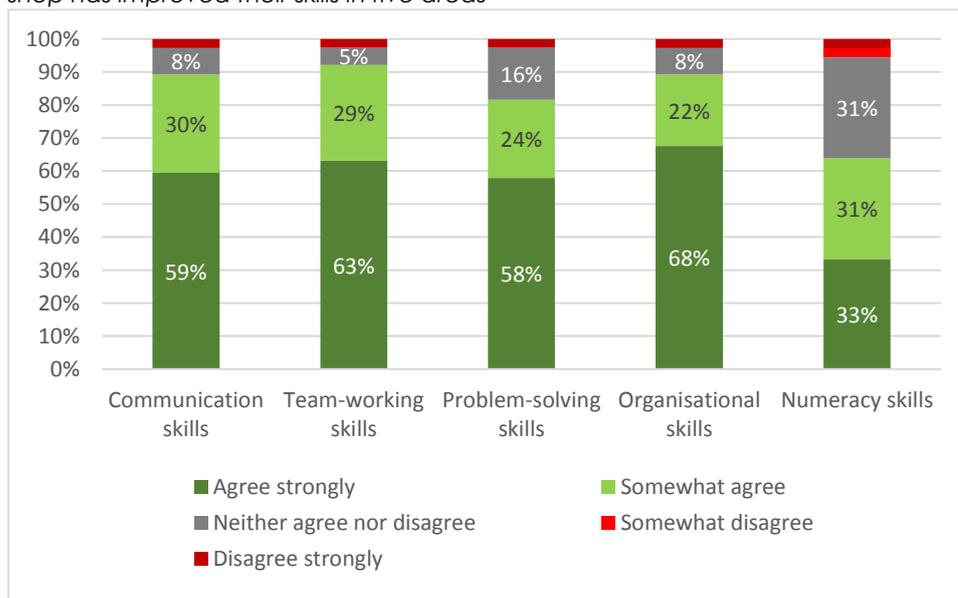
Figure 4 Volunteers' level of agreement with the statement that they get 'improved self-esteem and/or confidence' out of volunteering at their charity shop



## Employability skills

As well as boosting the confidence of volunteers looking for work, working in charity shops also enables jobseekers to develop core employability skills that can improve their employment prospects. When asked about the kinds of skills they have developed through their charity shop volunteering, a significant majority said they had improved their communication, team-working, problem-solving, organisational and numeracy skills (figure 5).

Figure 5 Extent to which volunteers looking for work agree that volunteering in a charity shop has improved their skills in five areas



The combination of having improved employability skills and (crucially) a reference gives volunteers a greater chance of success when looking for paid work. Although some of the volunteers we spoke to had not yet secured paid work, they were starting to see signs of improved prospects when jobseeking:

*I was at an interview yesterday, and that interview went very well, he knows about the work I'd been doing in the charity shop, and he contacted them and found out what I was like, so that actually aided me to get to the interview.*

Others had found a paid job and attributed this, at least in part, to the skills they had acquired when volunteering:

*I wouldn't have got the job if I hadn't had till experience, that I had got through working in the charity shop, and it gave me a referee.*

### **A positive and productive environment for skills development**

Charity shops are well placed to support people who are initially some distance from the labour market, as they generally provide a friendly environment and often have experience of catering for different needs (particularly if their parent charity is geared towards providing support to a particular group). For this reason a number of the jobseekers responding to our survey mentioned their charity shops' ability to accommodate particular health needs or disability, enabling them to gain confidence and build skills they might not have gained in other places of work. The DWP emphasised this aspect of charity shops and their provision of good work experience placements:

*[Charity] shops are often very community-oriented so there is a welcome, friendly environment and this is hugely important for someone who may be have been out of work or have never worked, is shy or lacking in confidence. The support in shops is excellent... and this goes a long way for an unemployed person, they often say they feel valued and again this links to improving self-confidence and motivation; often key barriers to find work if you are unemployed... Charity shops are hugely welcoming to people with health issues, many exist to support these people so they*

*can be very receptive to helping our harder to help [jobseekers] by providing excellent opportunities for them.*

Many charity shops provide this welcoming environment, and our interviews with staff and volunteers identified additional components of charity shops' offer to jobseeking volunteers that can significantly boost employment-related outcomes for volunteers. We found three instances of this: a structured induction process combined with a good breadth of practical training can ensure that volunteers looking for work are able to gain skills and experience quickly, and establish areas of personal interest; some charity retailers are creating 'advanced' volunteering roles to help volunteers improve and develop their employability skills; and the opportunity to gain an externally recognised qualification can provide a major boost to job prospects, and a structure to guide skills development.

### **A structured induction process and broad 'on-the-job training'**

A structured induction process helps volunteers quickly feel comfortable and a valued member of the charity shop team, and helps them to understand key processes and practices, and identify particular areas of interest. The induction process may be relatively ad hoc or informal in some shops, but several charity retailers whom we spoke to emphasised the importance of delivering a more formal induction, akin to what is expected in any paid role, as described by one senior manager:

*They have a full induction whereby they're shown how to do the tills, process donations, signing in and out process. Every task that there is in the store over a four week period we will go through with them and train them on, all aspects of the different responsibilities within the shop.*

The induction is important to begin a volunteering placement on the right footing, but the most important benefits of volunteering for jobseekers are getting on-the-job training and experience. The approach of the shop manager is of central importance in maximising skills development through practical training. Some of those we spoke to emphasised the importance of giving volunteers who want to develop their employability skills a wide range of experiences in the shop:

*I encourage them to take an active role within the retail field, teaching them all aspects of retail from behind [the] scenes to processing stock or to actually working on the sales floor, customer service, dealing with customers, doing shop displays... The ethos I work on is, the more that my volunteers want to learn, the more I will teach them.*

Once volunteers are comfortable with the range of core activities required of them in the shop, the most effective approaches ensure that their needs, wishes and interests help shape the roles they take on and the skills they develop. This can happen informally as volunteers express interests in particular areas over time, but some charity retailers are implementing more structured processes in response to feedback from current volunteers.

### **Opportunities for progression: advanced volunteering roles**

Some charity retailers are creating advanced volunteering roles to enable volunteers to progress and take on greater responsibilities. In many shops more experienced volunteers can move up to a position of being a 'key holder', where they take responsibility for running the store in the absence of the shop manager. Key holders must be comfortable with the full range of store processes, including more complex tasks such as processing refunds and gift aid, and delegating work to others. While the 'key holder' role is relatively commonplace across the sector it is often assigned ad hoc, and the contribution required can be unclear. We spoke to several charity staff who are implementing new, more defined, responsibilities and skills for volunteers, which are clearer for the volunteer and charity to follow. These new roles can provide a structured progression and skills development path for volunteers, as explained by one of our interviewees:

*We're creating a supervisor role in the stores which will be a volunteer lead position, but be a third tier management role. So we actually have an extra facility within the volunteer level – that extra step up. It's definitely a progression that we want to encourage people through.*

British Red Cross is introducing new advanced shop floor, store room, and communications and events roles. Volunteers taking up these roles will receive additional training in higher-level retail functions, enabling them to specialise and deepen their skills.

## A recognised qualification: NVQs and apprenticeships

Providing volunteers with an opportunity to formally recognise their new skills through a qualification can give a major boost to their employment prospects. Several charity retailers, particularly the larger chains, now do this, enabling volunteers to gain NVQ qualifications in retail, customer service, visual merchandising and other related areas.

Volunteers working towards an NVQ are required to complete a workbook and are assessed in store monthly by an external NVQ assessor. Although most of the course content and assessment is provided by external exam boards, shops managers need to be given sufficient guidance and training from their employers to ensure they feel comfortable assisting volunteers through this process. If effective processes are in place to support NVQ qualifications, it can be beneficial for the charity shop and the volunteers, enabling volunteers to gain a nationally recognised qualification, and providing the shop with staff who are focused on developing and showcasing their retail skills.

Several charity retailers we spoke to are considering introducing new apprenticeship roles, in part as a response to the Government's Apprenticeship Levy, which came into force in April 2017.<sup>49</sup> The levy will provide additional funding for apprenticeships by requiring large employers (with wage bills of over £3 million) to make contributions worth 0.5 per cent of their annual wage bill. Although most charity retailers have wage bills below this threshold, so are exempt from making contributions to the fund, they can draw from it from 2018. Under the scheme non-levy-paying employers will be required to contribute 10 per cent of the costs of training an apprentice, with the government 'co-investing' the additional 90 per cent.<sup>50</sup> This could make the provision of apprenticeships an attractive arrangement for charity shops, with potential to increase the numbers of staff employed through this mechanism.

Although most of the training costs will be paid for by government, charity retailers need to consider carefully whether taking on apprentices is right for them, and if they do so how to put in place a comprehensive training programme. For instance, under the scheme employers are required to partner with an approved training provider and register with an assessment organisation. The scheme may therefore present charities with some difficult decisions, albeit with the potential to create a new pool of staff and support skills development for younger age groups, as explained by one interviewee:

*With this change of government legislation we're going to have to start... paying for an apprentice which personally I think is a fantastic idea. So next year we are looking at apprenticeships. But it's giving them something back, if they come and volunteer for however long – 6 months or whatever – they gain a qualification. So perhaps working closely alongside retail and marketing, so you're getting retail skills, marketing skills, IT skills, things like that which would hold more gravitas on their CV.*

## **Work experience through Jobcentre Plus**

Another way that charity shops can actively support the employment outcomes of volunteers is by providing work experience placements advertised through the Jobcentre. Our previous report argued that the Jobcentre Plus should do more to work with charity retailers to provide work experience opportunities in local shops, and hence maximise the employability benefits of the sector. However, our updated survey findings show there has been little change in the proportion of jobseekers finding their charity shop volunteering role through the Jobcentre. In 2016, 17 per cent of jobseeking volunteers (22 per cent if Work Programme placements are included) found their role through the Jobcentre, compared with 14 per cent in 2013. Volunteers looking for work experience are still far more likely to find a volunteering opportunity for themselves by enquiring in a local charity shop.

The limited change in the proportion of volunteers finding a placement through the Jobcentre may well mask greater fluctuations at the retail chain or individual store level. Anecdotally, we heard reports of some charity retailers taking on more volunteers through the Jobcentre in recent years, and others had stopped taking these placements altogether. Our survey findings, together with our interviews with senior staff, managers, and volunteers, showed attitudes towards and engagement with local Jobcentres were polarised. Roughly a third of shop managers said they worked 'very closely' or 'quite closely' with their local Jobcentre, but a similar proportion said that the Jobcentre never referred volunteers to their shops.

Some managers and senior staff we spoke to had positive working relationships with the Jobcentre at a national and/or local level. For example, the head of volunteering at one charity told us: 'We do work really closely with the local Jobcentre and they do carefully handpick people that genuinely want to get the experience they're going to get from us.'

However, other interviewees had more mixed experiences. Where attitudes to the Jobcentre were somewhat negative, interviewees tend

to focus on three main areas: Jobcentres placing inappropriate candidates in a charity shop, poor communication between the Jobcentre staff and shop managers, concerns over mandatory work placements:

*With the Jobcentre we do get a very mixed response – we get some people who are really wanting to do it and actually continue to be volunteers with us, some of them have gone on to get a job with us, which obviously helps them. We also have found that sometimes people seem to have been coerced into it: they come unwilling, they don't really want to engage much with the shop and sometimes can be quite... disruptive to the shop.*

Senior manager

*We've had quite a lot of feedback on that from shop managers so actually I would say unfortunately the view from the shop managers is that they're more resistant to [Jobcentre placements].*

Senior manager

*[Jobcentres] need to improve in the way that they deal with the charity shop, the way that they communicate, and the manner in which they communicate.*

Volunteer

It seems that when charity retailers, particularly individual managers, have had negative experiences it has affected their willingness to take on Jobcentre placements in the future. Therefore there is a risk that poor communication or individual incidents can have a lasting effect on working relationships and opportunities for jobseekers.

### **The benefits of work experience placements in charity shops**

The overall picture on work experience placements is mixed, but it seems clear that if productive working relationships between charity shop managers and Jobcentre staff can be cultivated, there are major benefits to be had for jobseekers, charity shops and the public purse. Jobcentres can be a vital resource for charity shops wishing to recruit volunteers in the context of falling volunteer numbers and hours, as explained by one of the managers we spoke to:

*If I can judge ahead that I'm going to have a shortage of volunteers such as holiday time, I will get in touch with the Jobcentre and arrange to have a couple of extra. Because I work very closely with my Jobcentre they know I will take two or three at any one time.*

From the Government's perspective, work experience placements are a key tool in moving people into work. Government impact assessments have found that those taking up work experience placements subsequently spend more days in paid employment and fewer days claiming out-of-work benefits than Jobseeker's Allowance claimants who have not taken part in a placement.<sup>51</sup> DWP staff regard charity retail as a good forum for work experience:

*Volunteering in charity shops provides a range of excellent opportunities for people to gain employability skills, it also provides recent work experience, develops a work routine and can, almost always, improve motivation, self-belief and self-confidence.*

DWP spokesperson

Work placements can provide a vital leg-up into securing paid employment for jobseekers. One of the managers we interviewed told us about work experience volunteers who had gone on to gain a paid job:

*In the last year I have had eight Jobcentre placements leave me to gain full-time employment... One of my young lads who used to be my key holder previously, he'd never worked and had no idea what retail was all about and I trained him up to be my key holder so he was able to run the store in my absence. He's now working for a large company, he's only been there six months and he's already had two promotions so he's become a supervisor.*

## **The Towards better joint working: examples of good practice**

In virtually all our conversations, managers and senior staff in charity shops emphasised two fundamental components for successful working relationships, and the maximisation of positive employability outcomes for volunteers. The first major prerequisite for effective placements is to

ensure that Jobcentres only place jobseekers in charity shops as volunteers when those individuals are keen to volunteer and gain experience. Mandatory Work Activity placements through Jobcentres were scrapped in 2015, and some interviewees suggested that a minority of jobseekers were unsure of their obligations and still concerned that their benefits may be tied to their placement or they may be deemed unavailable for work because of the time they spent volunteering. More broadly, charity shops want individuals who actively elect to volunteer – any sense of perceived or actual coercion undermines the fundamental concept of volunteering and limits the benefits of any placement.

*Volunteers should want to come, they want to help – that's the point of a volunteer. When they... feel like they've got to do it because they've been told by the Jobcentre they've got to do it because of their benefits, [then] they haven't got that commitment.*

Senior staff

Second, managers and senior staff in charity shops see good, regular and sustained communication between individual shops and local Jobcentres as vital to good joint working. Where experiences had been negative they often attributed the problem primarily to a lack of or poor communication. Positive relationships were generally built over time through clear channels of communication (eg having a direct contact at the Jobcentre), and the ability to work through any problems collaboratively to ensure that placements were suitable for each shop:

*I would just say if you are able to forge a relationship with a couple of specific advisers at the Jobcentre, they will know the sort of person that you are looking for. My store is a large store, which is up four flights of stairs, so they know that I need people.*

Shop manager

*If there's improvement to be made, it's that understanding by the Jobcentre of what the role involves.*

Senior manager

Beyond these universal principles, establishing an effective partnership to some extent depends on the circumstances of an individual charity retail business or even an individual shop. A major dividing line between shops is the size of the wider chain that they form a part of. Cultivating lasting working relationships with local Jobcentres through formal and informal channels is essential for smaller, more local retail chains to be successful.

### Woking and Sam Beare Hospices – smaller retail chains and the Jobcentre

Woking and Sam Beare (WSB) Hospices runs 17 stores in Woking, Egham and Ashford to the west of London. The charity recruits a small proportion of its retail volunteer base through work experience placements and is generally positive about the relationship it has with the Jobcentre. WSB's volunteer services manager, Gary Wood, told us: 'I think our relationship with the Jobcentre is really good. It means that we get volunteers and it works – they get their month and some of them stay.'

Relationship building and regular communication has been central to developing this positive experience. This has been enabled by one of the volunteering managers at WSB having direct contact with a manager at the Jobcentre. This has ensured regular contact so, according to Gary, staff at the Jobcentre 'really understand us as a local charity rather than a national charity. They do understand the nature of volunteering in a charity shop, which isn't easy – we need people who are committed and want to do it.'

Good communication is not just about discussing the successes – inevitably sometimes placements do not work out. The ability to communicate and learn from problems is central to delivering more productive placements for jobseekers and individual shops, as Chantelle Milne, area shops manager, explained:

*We do have quite regular communication with them, equally we give feedback to them, they give feedback to us if we can improve... if there's someone who didn't feel that they were being used to their full ability or the manager wasn't perhaps as proactive in delegating work out to them... So yes, there is that two-sided feedback that works quite well with us... We do have quite a mixed reaction and I think every positive or negative experience we have we always communicate with the Jobcentre what happened and how we can improve on that.*

This relationship has led to some notable successes, particularly one volunteer who came through the Jobcentre who subsequently gained employment within the charity's retail chain and is currently working as an assistant manager.

Staff in larger chains need to work more strategically to develop a national partnership with Jobcentre Plus, and provide a framework for local shops to work within, and at the same time enabling them to adapt approaches based on their circumstances. Some of the larger charity retailers, such as British Heart Foundation and British Red Cross, have entered into national agreements with Jobcentre Plus, and are now part of a 'national portfolio' of charity retailers offering work experience placements.

These national agreements, many of which were signed in 2014, enable both sides to establish lines of communication and referral processes, and provide shops with local contacts. Under the terms of the agreements Jobcentre staff are required to maintain regular contact with charity shops in their area, and all placements are guaranteed to be offered voluntarily only.

### [British Red Cross – a national agreement on work experience placements](#)

British Red Cross operates 350 shops across the UK, providing volunteering opportunities for some 7,000 volunteers. British Red Cross's internal monitoring shows that up to 50 per cent of volunteers are volunteering to help improve their CV and job prospects. At any one time, the charity supports around 200 work experience volunteers, referred through the Jobcentre.

In 2014 British Red Cross signed a national agreement with Jobcentre Plus to standardise conditions and processes related to work experience placements across all its stores. The national agreement sets the terms of engagement at a local level, including communication routes and referral process for the charity and Jobcentre Plus. As part of the national agreement Jobcentre Plus guarantees that all placements will be offered voluntarily. Each shop is provided with a direct line to the local Jobcentre, with shop managers able to look up the relevant contact from a national directory.

Colin Stewart, volunteer development adviser at British Red Cross, told us that the national agreement has ensured there is a positive working

relationship with Jobcentre Plus, and has supported improved employability outcomes for work experience volunteers:

*I do hear a lot of success stories about people that have come in, they've done a voluntary placement and have decided to volunteer [after] the placement's finished – it's built their confidence up and many have ultimately moved into paid employment in retail and other sectors. I do hear this from our shop managers regularly. Indeed, many of our paid staff started with us as volunteers, some of which referred to us by the Jobcentre.*

### **Summary - volunteers**

Charity shops provide a way to build (or restore) volunteers' confidence and help them develop key employability skills, within a supportive working environment. Two-thirds of jobseeking volunteers report that their employment prospects have improved because of their volunteering. Our research finds that for employability-related outcomes to be maximised charity shops should attempt to provide a structured induction process, advanced volunteering roles to deepen skills development, and an opportunity to gain externally recognised qualifications.

As working in charity shops is beneficial to jobseekers, many Jobcentre staff are keen to refer jobseekers to local shops for work experience placements. Although the experience of these placements has been mixed across the sector, if improved joint working between Jobcentres and charity shops can be cultivated there is the potential to create substantial benefits for jobseekers, charity shops and taxpayers – supporting improved transition to employment.

Charity shops are also in a good position to capitalise on recent legislative changes around apprenticeship funding, and provide significant employability benefits to young apprentices, but this will require charity retailers to develop comprehensive training plans and schemes to ensure that benefits are maximised.

## SHOP MANAGERS

Just as significant social benefits can accrue to volunteers, the social value generated by charity shops also extends to the 22,000 people employed within the sector.<sup>52</sup> Although paid employees are distributed in various roles including warehousing and collection, and in regional and head offices, most (around 80 per cent) work within shops as managers or assistant managers. The number of managers has risen with the increase in the number of shops, but the rate of growth has been tempered by a decline in the average number of managers per shop, falling from a peak of 2.05 staff in 2014 to 1.93 per shop in 2016.<sup>53</sup>

The age profile of volunteers is generally skewed towards older age groups, but managers and other paid staff are more commonly of prime working age, and women make up just over three-quarters of paid employees in the charity retail sector.<sup>54</sup>

In this chapter, we explore job satisfaction and progression opportunities among charity shop managers to assess the benefits to paid staff of having fulfilling work.

### A stable, local job in a precarious labour markets

Rising employment in charity retail has occurred in the context of there being broader improvements in the economy since 2013. When we published our previous report there was still significant uncertainty around the labour market, and the Bank of England projected that unemployment would remain around 7 per cent well into 2016.<sup>55</sup> In fact, the unemployment rate fell far faster than expected, sitting at 4.8 per cent by the end of 2016, with record high employment levels.<sup>56</sup>

Despite these positive headline indicators, there have been complex changes in the labour market since our last report, with fears that much of the recovery has been built on new, more insecure forms of work, typified by the so-called 'gig economy' of Uber drivers and Airbnb landlords. Within retail specifically – a sector that generated around 1 million new jobs between the early 1980s and mid-2000s – the impact of the recession and technological change has been severe: several large chains have gone bankrupt and the number of people employed in retail only returned to pre-recession levels by the end of 2016.<sup>57</sup>

The charity retail sector stands in clear contrast to this picture of rising insecurity. Not only have jobs increased steadily since 2013, but managers tend to stay in post for substantial periods of time. A third of managers have worked in their current store for over five years, and half

of these have worked there for over 10 years (figures largely unchanged from 2013). This compares favourably with average job tenure at an economy-wide level, which the Resolution Foundation estimates to be 5.4 years.<sup>58</sup> When compared with job tenure in the wider retail sector, charity retail performs particularly well. A recent survey of retail staff found that 42 per cent of respondents had been in their job for less than a year, compared with just 16 per cent of respondents saying the same in our survey of charity shop managers.<sup>59</sup>

As well as providing stable jobs, charity retail can also provide managers with employment close to home. Some 70 per cent of managers in 2016 lived in the same local area that their charity shop was located, an identical figure to the one recorded in 2013. Again, this compares well with national figures on distance and travel to work. The average commuting time is 55 minutes per day, and 14 per cent of UK employees (8 per cent of retail workers) spend over two hours a day travelling to and from work.<sup>60</sup> Furthermore, a significant majority of those managers working close to home had lived locally for a substantial period of time – nearly half of all the managers who worked in their local area had lived there for over 20 years.

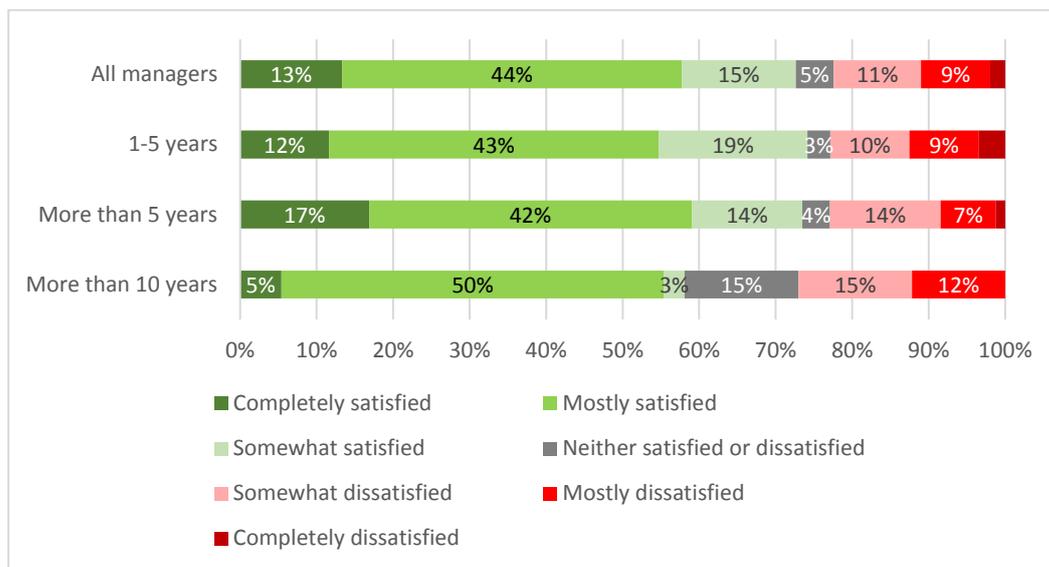
### **Job satisfaction among managers**

Given the growth of insecure and atypical work discussed above, there has been an increasing focus for policy makers and researchers on what constitutes 'good' or 'fulfilling' work. Major studies – such as Dame Carol Black's review of health and well-being at work in 2008 and the 2011 Good Work Commission, chaired by Alan Parker, CEO of Brunswick – have emphasised negative effects on personal well-being of jobs that are insecure and leave little room for personal development and fulfilment.<sup>61</sup> More recently, research by Carnegie UK found that fulfilling work, while highly contingent on personal preferences, tends to have common attributes involving significant amounts of individual agency, opportunities to excel and progress, and positive employee–manager relations.<sup>62</sup>

In our survey of managers we asked respondents how satisfied they were with their jobs overall, and other questions looking at factors influencing satisfaction and well-being such as stress, motivation and perceptions of the balance between reward and contribution. Overall the picture looks healthy across the sector with nearly three-quarters of managers satisfied in their roles, and of these around 1 in 5 saying that they are completely satisfied (a figure roughly equivalent to the national average).<sup>63</sup> The proportion of managers satisfied in their roles is consistent across the age

profile, though there is a slight difference in satisfaction levels by length of tenure (figure 6). Managers who have been in post for over 10 years are less likely to say they are satisfied (58 per cent compared with 72 per cent for all managers) and more likely to say they are dissatisfied (27 per cent compared with 22 per cent) than their less experienced counterparts. This suggests that charity retailers need to ensure that managers who have been in post for a long time continue to feel motivated after their many years of service.

Figure 6 Job satisfaction of charity shop managers, by tenure



Managers are generally happy with their organisation, both as an employer and as a charitable cause. A healthy majority say that they would 'recommend their organisation as a great place to work' (61 per cent agreeing compared with 17 per cent saying the reverse). A smaller majority agree that their 'organisation motivates them to achieve its objectives' (54 per cent compared with 24 per cent saying the reverse).

One less positive finding, which may jar with more stereotypical or traditional images of charity shop work, is that most managers report significant stress levels associated with their work. Some 35 per cent of managers say that their work is 'stressful', and a further 20 per cent say that it is 'very stressful'. This compares unfavourably with national averages on work-related stress – as the proportion of people across the economy reporting that their work is very stressful is 15 per cent.<sup>64</sup> Unsurprisingly, there is a strong correlation between job satisfaction and stress levels, with those managers who say their job is 'not stressful at all' being far more likely to say that they are 'completely satisfied' in their role

(43 per cent) than those who say their job is very stressful (just 4 per cent of these managers say they are 'completely satisfied').

The findings on stress are possibly linked to the changing nature of work in charity shops. Many of the shop managers we spoke to, or who filled in our survey, mentioned the increased professionalisation of their shops over recent years, leading to a shift to a more business-oriented approach. While this has acted as a catalyst for growth in many charity retail businesses (and consequently has boosted incomes for parent charities), charity retailers need to ensure that their staff are included in this transition. Some respondents felt that recent changes had increased pressure on them and undermined their motivation:

*I feel the admin side of the job has increased tenfold but I really don't feel appreciated for all the extra we put in free. Shame because really I still want to do the best for the charity that was good in helping a close family member. I feel we have become too commercial and forgotten the roots [of] why the charity was set up in the first place.*

Although some managers may feel left behind by the operational changes that have taken place in recent years, many recognise the need to modernise in the face of rising external pressures and competition. Some frame this in a more negative sense as necessary because 'sadly, that is the way the world has become', but others relish the challenge and are optimistic about the potential to develop as individuals and as an organisation.

*I love my job. I get up in the morning and I'm in work early, I actually do fully enjoy my job. From other manager's perspective I suppose they feel that the workload is increasing year on year. The resources that we have available to complete that workload is diminishing. My take on that is to recruit more active volunteers who are able to take some of that workload from us. So that's how I work, I work on that ethos. The more that head office throw at me, for me to do, the more I ask of my volunteers and they rise to the challenge every single time.*

## **Pay and investing in talent**

The wider retail sector has long been viewed as one of low pay. Research by the British Retail Consortium has shown that the prevalence of low pay

has risen over recent decades with the proportion of retail staff earning less than 1.2 times the (actual or estimated) minimum wage rising from 30 per cent in the 1990s to 57 per cent today.<sup>65</sup>

Pay within the charity retail sector is similarly at the lower end of the pay distribution, with a median salary for shop managers of just over £16,000 in 2016,<sup>66</sup> though there is some variation by region (the median salary reaches £19,000 in London) and retail chain size (the median salary reaches over £17,000 in larger chains).<sup>67</sup> Although some way below the whole economy median salary (£28,200), median pay for charity shop managers (which equates to roughly £8.80 an hour based on a 35 hour week) is significantly higher than the statutory National Living Wage (which rose from £7.20 an hour to £7.50 in April 2017), and somewhat higher than the voluntary UK Living Wage rate set by the Living Wage Foundation (£8.45 an hour).<sup>68</sup>

Shop managers clearly recognise the difficulties their employees face in ensuring they provide competitive wage levels while maximising income for their charitable causes, but there is some dissatisfaction among staff with the level of remuneration they receive. Some 42 per cent of managers responding to our survey disagreed with the statement 'considering all my efforts in my job, I feel I get rewarded appropriately'. Only 38 per cent of managers believed that they were rewarded appropriately, which compares poorly to economy-wide responses to this question, where 60 per cent feel appropriately rewarded.<sup>69</sup>

However, it seems that charity retailers are beginning to respond by raising wages at a faster rate than the rest of the economy. According to figures from the CRA median salaries for shop managers rose by 4 per cent between 2015 and 2016, a growth rate significantly ahead of inflation (which rose by 1.6 per cent in the year to December 2016 on the Consumer Price Index measure) and annual earnings (which rose by 2.2 per cent between April 2015 and April 2016).<sup>70</sup> Though part of this increase may be related to charities adjusting pay differentials following the introduction of the National Living Wage, and preparing for its proposed increase to £9 an hour by 2020, the fact that most manager salaries are comfortably above the National Living Wage suggests there is recognition that greater investment in skills and talent is needed in the sector.

In its recent taskforce on the future of the wider retail sector the Fabian Society argued that British retail is currently at a crossroads in the face of increased competition and rising business costs.<sup>71</sup> Some employers are responding to this by maintaining current business models and driving down costs (increasing the prevalence of low pay and insecure work); others are investing in highly engaged, higher skilled workforces in order

to forge stronger relationships with customers and generally improve the in-store experience. It seems that increasing wages within charity retail may be in part a result of charity retailers taking this latter approach. Research by Civil Society Magazine found that charity retail salaries as a proportion of charitable income have reached the highest level since before the recession at 32 per cent.<sup>72</sup> In 2016 charity retailers spent an average of £140 per head on training for shop managers.<sup>73</sup> Shop managers are being given basic training in areas such as health and safety, customer services and gift aid compliance, and encouraged to develop specialist skills around competencies such as visual merchandising, e-commerce and social media.

### **Summary - managers**

Working as a charity shop manager provides good and stable employment in local communities. Staff report high levels of satisfaction with their work and are motivated to contribute to the wider impact of their parent charity. However, the introduction of more business- and target-oriented approaches in many chains has led to significant numbers of managers feeling stressed on the job, and the pace of change risks leaving some longer-serving managers behind. Combined with the relatively low wages across the sector, this has led to dissatisfaction among some staff.

It seems that many charity retailers are now responding to pressures from staff, and from wider competition on the high street, by investing in salaries and skills development. This investment will take some time to feed through, but it should in the longer term boost staff engagement and well-being. As engines of social value at the shop level this investment in managers will have positive knock-on effects for volunteers, customers and ultimately the income of parent charities.

## THE HIGH STREET, COMMUNITIES AND THE ENVIRONMENT

In this chapter we assess the benefits of charity shops to the localities in which they are based, and their aggregate environmental contribution from recycling and reuse activity. We look at how the health of the high street has changed over the past four years. Many town centres remain in trouble, but some headline indicators of high street health have shown marginal improvements. We assess the extent to which this is being felt across the UK, and the implications for charity retail, including how charity shops can play a role in high street recovery. The chapter also reviews public opinion on the continued debate around business rate relief, and assesses the public's general view on the presence of charity shops on the high street. Finally, we consider the environmental and social benefits that charity shops can provide beyond the immediate vicinity of the high street, looking at charity shops' contribution to reduced CO<sub>2</sub> emissions and landfill use, and their provision of additional facilities and services for local communities.

### What has changed on the high street since 2013?

Our first report was published when the fortunes of the British high street were under an intense political and media focus. Many high street retailers had suffered badly during the recession (with some high-profile firms going into administration) and the landmark Portas Review had only recently been published, making a raft of recommendations that aimed to rejuvenate ailing town centres.<sup>74</sup>

Since then, although the improved economic picture has somewhat reduced the political and public noise about the state of the high street, there is little sign that this has fed through to any significant revival of its fortunes. Many of the factors that contributed to decline remain in place, and some have arguably intensified since 2013. According to the British Retail Consortium three factors – sluggish sales growth, intense price competition, and greater investment in digital services at the expense of physical infrastructure – continue to exert downward pressure on high street retailers.<sup>75</sup> On top of these longer-running trends the Brexit vote has clearly added another major element of uncertainty into the prospects for the high street. Although consumer confidence held up in the immediate aftermath of the vote, it is likely that rising inflationary pressures and uncertainty over foreign workers will have a detrimental effect on high street retailers.<sup>76</sup>

Nonetheless, over the past year some of the indicators of high street health have improved. For example, vacancy rates have fallen gradually from 14 per cent in 2013 to reach just over 12 per cent by the end of 2016 (though this remains over twice as high as pre-recession levels).<sup>77</sup> This trend is reflected in local economic data across our five case study locations – Birmingham, Margate, Morpeth, Newport and Paisley – where there have been slight falls in vacancy rates since 2013. Furthermore, prime rents for high street shops have shown more significant increases, rising by 5 per cent over 2016.<sup>78</sup> Therefore although the high street is still in far from rude health, there are signs that there may be some stabilisation, for the time being at least.

### **Slowing growth in charity retail**

While the fortunes of the wider high street have been mixed, the charity retail sector has continued to grow since our previous report in 2013. According to figures from the CRA, there are nearly 572 more charity shops in Great Britain than in 2013, with the total number of shops reaching 10,800 in 2016.<sup>79</sup> There are however some signs that growth may be slowing slightly, mainly as a result of rising staff, rental and local-authority-imposed costs. According to the annual Charity Shops Survey, retail managers have become more pessimistic about future growth in recent years, and this is reflected in our local case study data, which show that following significant increases in the number of shops in most of our five town centres between 2008 and 2013 numbers have largely been flat (with the exception of Newport where the number of charity shops has actually fallen by 20 per cent).<sup>80</sup> This suggests that an era of unprecedented growth in charity shop numbers may be coming to an end.

### **Rising rents are a threat to charity incomes**

Much of the growth in shop numbers and profits in recent years has been supported by relatively benign rental costs. The 2015 edition of Civil Society Magazine's survey of charity shops explained that 'charities are able to remain profitable in large part because they are not paying significantly higher rents'.<sup>81</sup> Although rising prime rents are a sign of some recovery on the high street, they are likely to have a detrimental impact on the economic value that charity shops generate for their parent charities.

There is clear evidence that these trends are feeding through to charity shops. In 2016, rents in the sector were hiked by 4 per cent on average

following years of low or no increases.<sup>82</sup> This has been one of the key factors explaining the fall in profitability in the sector in 2016, and more directly has reduced incentives for charity retailers to continue to open more stores.<sup>83</sup> The near- and medium-term trajectory of rents will therefore be crucial in determining the extent to which charity shops are able to make profitable returns for their parent charities, and whether charities can continue to sustain the same quantity of shops, with implications for the breadth and depth of social values that charity retail chains can support.

### **A continued lifeline for struggling town centres**

There may be some, albeit limited, signs of recovery at an aggregate level, but differing localities have experienced divergent fortunes in the health of their high streets. Local Data Company's six 'best performing' town centres – all but one of which are in London or the South East – reported vacancy rates of less than 2 per cent in the first half of 2016. Compare that with the six worst performing areas of all, which had vacancy rates of over 25 per cent and are more widely dispersed across the Midlands, the North and Wales.<sup>84</sup>

Thus many charity shops are still located within ailing town centres. Of the shop managers we surveyed who had been in post since 2013, roughly one-third said that the health of the high street around them had stayed the same over the last four years, and nearly half said that things had actually got worse. The picture was somewhat better in London and the South East than elsewhere: roughly a third of managers said there had been a deterioration on the surrounding high street, and 1 in 5 said things had improved.

Across the country, many managers responding to our survey painted a rather bleak picture of the fate of other nearby retailers:

*The shop next door has been empty over five years, [and currently] nearly half of the high street is empty.*

*Lots of business around us have shut and the shopping centre has lost a main shop, [a large department store], this empty building now makes the town look shabby.*

Charity shops are continuing to perform a vital local function in filling otherwise vacant lots. It appears this is widespread, with some three-quarters of volunteers and two-thirds of managers saying that they work in shops that fill a space on the high street that would otherwise be left empty. The public recognises this contribution, with two-thirds of those polled agreeing that charity shops benefit the high street by replacing space left vacant.

The resilience of charity shops in challenging times on the high street is underlined by data from our case study locations. In Paisley, Renfrewshire, for example, charity shops have maintained a presence in the town centre, despite the continued difficulties faced by the local high street.

### Paisley: resilience of charity shops in difficult economic circumstances

Our 2013 report found a struggling high street that had suffered from the recession, and more long-standing problems linked competition from out-of-town retailers and the pedestrianisation of the high street in 1997. Since then there have been concerted efforts to support high street recovery through the creation of Paisley First – a business improvement district, led by a partnership of local businesses and the local authority. This has led to initiatives to boost activity and footfall in the town centre such as the de-pedestrianisation of the high street and a public arts event and auction (Pride of Paisley).

Despite these efforts the high street has continued to struggle. Although vacancy rates have fallen slightly during this time from a high point in 2010, they remain significantly above the national average at around 20 per cent and have failed to fall any further over the last few years. Prime rent levels have continued to slide, falling by 15 per cent between 2013 and 2016, and by over 40 per cent since the start of the recession. Notwithstanding these difficult economic circumstances charity shops have maintained a steady presence on the high street with numbers remaining flat between 2013 and 2016 (eight charity shops in both years).

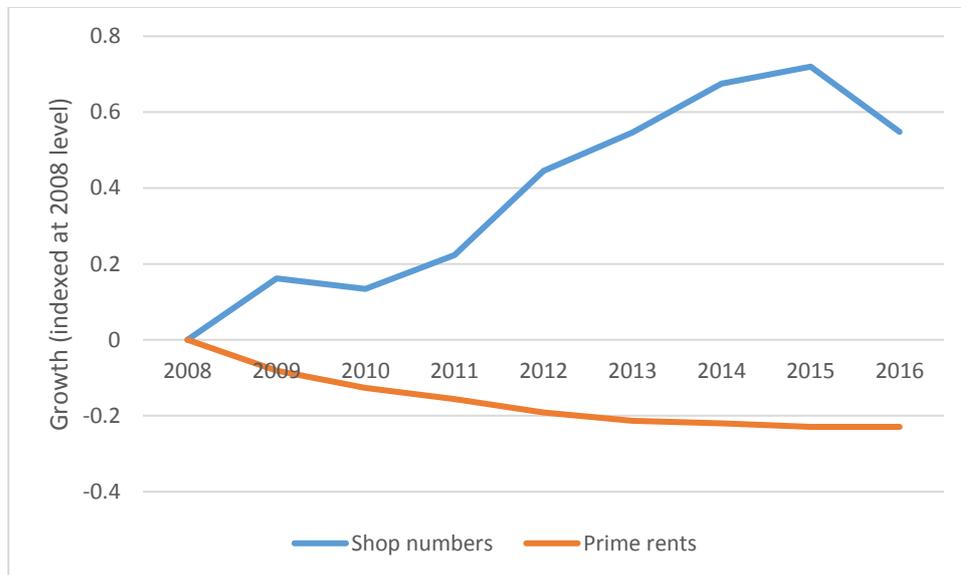
### A continued target for criticism

The resilience of charity retailers to challenging local economic circumstances has arguably counted against the sector in creating an association between charity shops and high street decline. Critics have portrayed charity shops as detrimental to the health of the high street, put in the same league as so-called 'vice' shops such as bookmakers, as symbols or even drivers of decline.<sup>85</sup> One of the longest-running, if little

evidenced, criticism has centred on the business rate relief that charities receive. Under the current system, charities receive a mandatory relief of 80 per cent on their business rate – the tax applied to non-domestic property – with local authorities able to grant discretionary relief on the remaining 20 per cent. Critics have argued that this ‘crowds out’ other businesses as it enables charity shops to pay lower rents.

Although our analysis in 2013 found no evidence for a link between growth in charity shops and increases in rent levels (a finding supported by our updated analysis, see figure 7), the debate has been reignited by the 2017 revaluation of business rates. The revaluation, which is set to increase rates for the average London shop by 14 per cent, is seen by many retailers as further skewing of competition in favour of online over high street retail.<sup>86</sup> As a result, renewed pressure has fallen on the ‘advantage’ that mandatory and discretionary relief provides to charity shops over other high street retailers.<sup>87</sup> The ‘crowding out’ thesis has also been used (albeit to a far lesser extent) to call for local authorities to place limits on the number of charity shops in any high street.<sup>88</sup> This echoes changes made to the land use category of bookmakers in 2015 to require local authority permission for any new shops.

Figure 7 Cumulative growth in charity shop numbers and prime rents across five case study locations (indexed at 2008 levels)



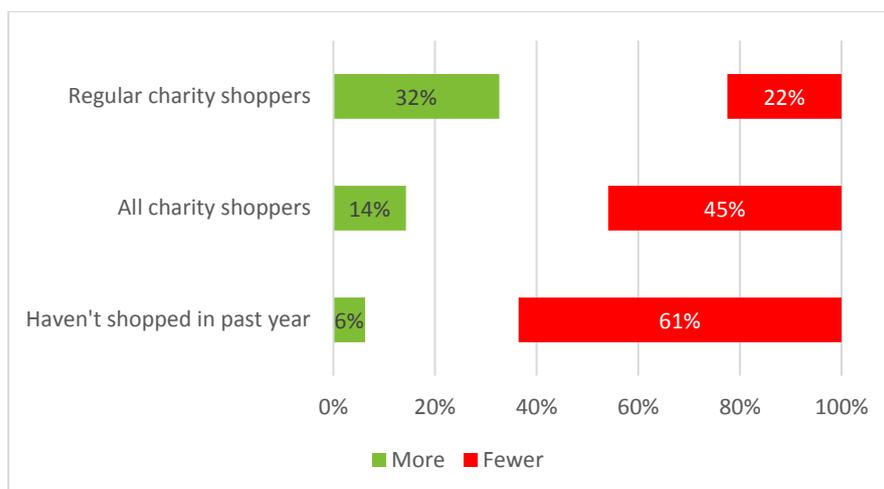
Given the recent increase in debate on these issues our polling sought to establish public opinion on rate relief and local authority control over charity shops. The findings show there is continued public support for retaining the status quo, with three-quarters of those polled agreeing that charity shops should receive the current level of relief. Our polling also

shows that members of the public have little appetite for re-classifying the planning category of charity shops. Only 38 per cent of the public think that local authorities should be able to limit the numbers of charity shops in their local area. This compares with 78 per cent of the public who think that local authorities should have powers to limit the number of betting shops.

Although the public overwhelmingly supports the status quo on rate relief and local authority control, our polling suggests that the sector still faces an image problem, and this has not changed significantly since our previous polling in 2013. Over half of the public associate charity shops with high street decline, and exactly half think a 'healthy' high street should contain fewer charity shops.

These views vary significantly by certain demographic and lifestyle factors. For instance, younger people are far less likely to associate charity shops with high street decline than older people (42 per cent of 18–24-year-olds compared with 72 per cent of over 65s). Encouragingly, people who use charity shops are significantly more positive about them than those who don't. While some 61 per cent of people who didn't buy anything from a charity shop in 2016 thought that a 'healthy' high street should contain fewer charity shops, this figure drops to 45 per cent among those who had bought at least one item, and to just 22 per cent of those who used charity shops regularly (figure 8). These differences in public opinion reflect the success of the sector in conveying a positive lifestyle image of using charity shops among young people, and the success of individual stores in providing shoppers with a positive customer experience.

Figure 8 Extent to which the public believes a 'healthy high street' should contain more or fewer charity shops, by charity shop use



## Playing a part in the revival of the high street

By acting as a constant fixture on the high street even during challenging economic times, charity shops can make an important contribution to its recovery when economic conditions improve. At the very least, as charity shops can be some of the last retailers left in high streets hit hard by recession, they are a much needed component of any attempts to rejuvenate town centres. However, some managers we spoke to pointed out that their stores were trying to be more proactive in supporting wider high street health. One manager told us that she and her colleagues had organised various events in order to raise the profile of their store and that of the high street around them:

*Where we're located is the wrong side of the high street really, so we're trying to rally up [or] change up that end of the high street and remind people that we are in the area. That was probably the first event we've done... where it was more focused on publicity and marketing of the shop... you're waving the hospice flag in the local community but the main purpose is having a presence in the community [and] making money for the hospice.*

Shop manager

Our case study town of Margate provides a clear example of the role that charity shops can play in supporting high street recovery.

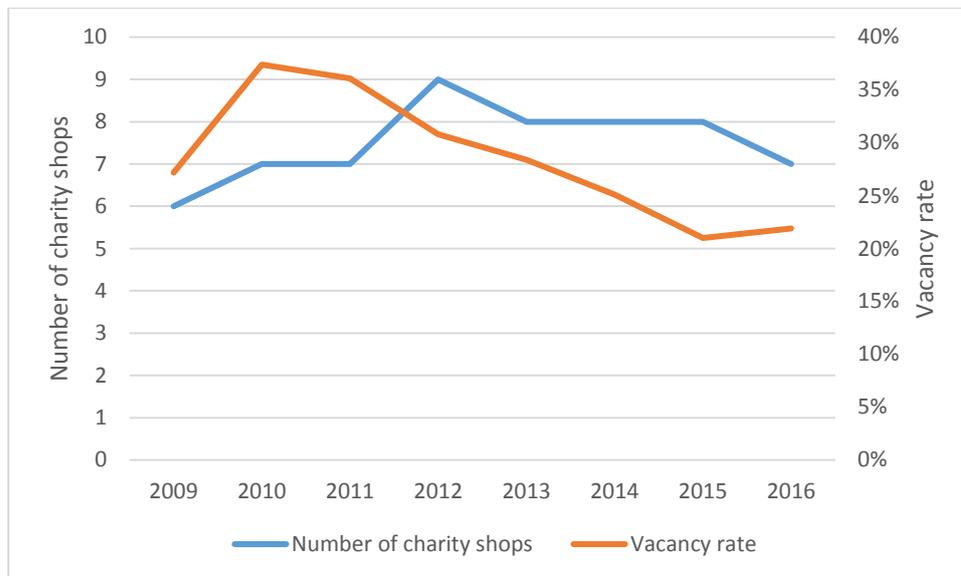
### Margate: charity shops playing a part in the revival of the high street

During the recession, Margate's high street suffered badly, with the town recording the worst rate of shop closures in Britain in 2009, and vacancy rates jumping to nearly 40 per cent by 2012.<sup>89</sup> As vacancy rates began to spike, charity shops played a role in filling the gap, and the proportion of empty lots gradually decreased (figure 9). Vacancy rates have now fallen to nearly half of their recessionary peak, and this improvement has accompanied a dramatic change in fortunes for the town, which has become an arts and culture hub, thanks in part to the opening of the gallery Turner Contemporary in 2011.

Margate's cultural revival has led it to being dubbed 'Shoreditch-on-Sea', and in 2016 it won Pearlshare's award for being the best seaside town in Britain with judges praising the town's 'retro buzz'. Charity shops form a key part of this retro identity; some of the town's charity retailers have redesigned stores to emphasise a boutique or specialist offer. For

example, the Pilgrim's Hospice retail chain has set up Frocks 'n' Socks, a shop stocking only vintage clothing and homeware, and Oasis, a local domestic violence charity, set up its first charity shop in 2014, designed to create a 'boutique feel', stocking 'retro-chic' clothing.<sup>90</sup>

Figure 9 The relationship between the vacancy rates and charity shop numbers in Margate, 2009-2016



The diversification of the charity retail offer in Margate in recent years reflects wider trends across the sector. Research by Civil Society Magazine has shown there has been an increase in the proportion of 'specialist' shops, which include those selling books, furniture or electrical items.<sup>91</sup> Like shops in Margate, many retailers have introduced specialist vintage stores in response to the upsurge in popular interest in vintage and retro clothing. Other more niche specialist stores have also opened in recent years. For example, Barnardo's has recently re-purposed a store in Brixton to specialise in music, including records and instruments, sourced from across the UK.<sup>92</sup> This trend towards greater specialisation can enable charity shops to become 'destination' stores, which can add value to the high streets in which they are located.

More broadly, as the sector has become more professional since our previous report, charity shops can increasingly play a role as part of a vibrant mix of bespoke or contemporary retailers on the high street. Many of the shop managers we spoke to were keen to emphasise the progress that had been made recently to move their stores away from more stereotypical conceptions of charity shops and to match, or better, the standards seen in the private sector:

*I think charity shops have changed... dramatically in the last couple of years. They're starting to become more trendy to shop in and more of a contender on the high street... than they perhaps used to be. We've very much gone away from the junk shop title that charity shops used to have, and I think for that reason we're getting a different customer base because they're now treating the shop as a proper shop rather than coming in for a quick bargain.*

Senior staff

*We're not a back street charity store which is dark and dingy, we're very bright, we're very airy and we scream to the high street that we're here. I think that we have become more professional and [this] helps us do that.*

Shop manager

A key part of this increasing professionalism in the sector has been a significant growth in visual merchandising skills. Several charity retail chains now employ dedicated visual merchandising managers, and many initiatives have been established with the sector to nurture and recognise talent. The CRA has established the WOW! Factor Awards – an annual prize awarded to individual shops with the best interior or best shop window, and has launched a toolkit ('Style Me in Seconds') to guide retailers attempting to re-vamp their stores – with a particular focus on encouraging a younger demographic of customers.

Haven House, which operates four shops across East London, has made concerted efforts in recent years to update its image, as explained by Head of Retail Matt Lord:

*Primarily, we've shifted how our business operates – we're a lot more professional now... We treat it as you would a high street retail shop and the... re-branding, the more modern look of our shops, has attracted a whole different lot of people.*

*A lot of the [new] managers that [have come] in, bar one, were all under 40. Which again injected a younger blood and more diverse blood into the system, which attracts a different type of people. They had more of a fashion forward approach, the clothing that we dispense has been more trendy and [it has] attracted younger customers in who have then been*

*interested in volunteering. The whole idea of being more commercial, more fashionable, knowing what sells has created a slightly different culture within the shops.*

This change of approach has paid dividends for the charity and its shops, with Haven House's Leytonstone branch being voted runner-up in Time Out's Love London Awards, beating competition from for-profit independent retailers.

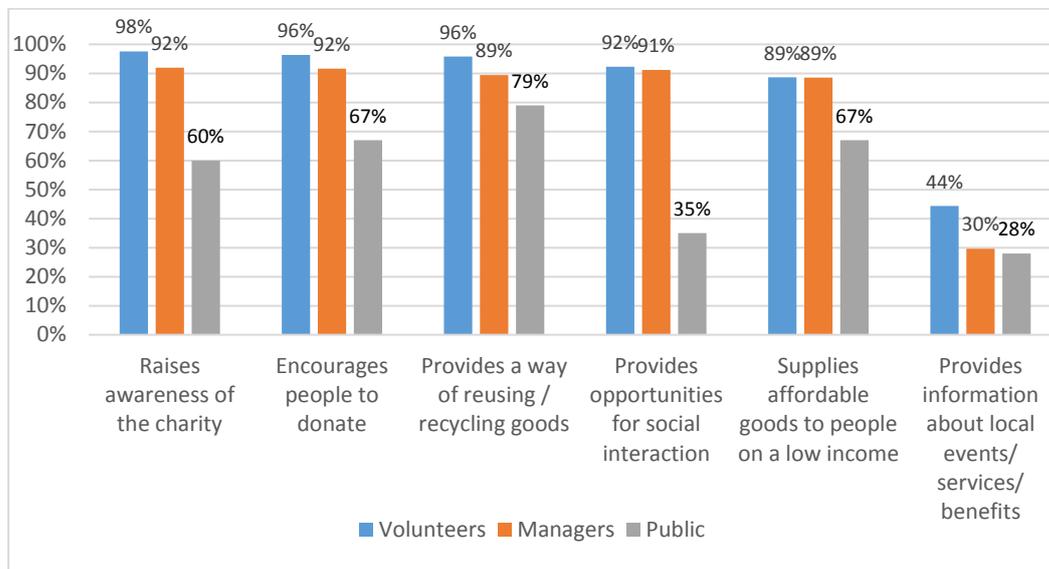
These sorts of examples demonstrate how the more modern and eclectic look and offer of charity shops can go beyond simply filling vacant properties, and instead actively contribute to the rejuvenation of the high street.

### **Environmental and social impact in the community**

Charity shops can act a resource for the wider local community, with a positive local and national environmental impact, as well as support their immediate vicinity. Our 2013 study found that charity shops were well placed to cater to the specific needs of their local community by providing a space for social interaction, and facilitating access to services through local partnerships.

Our 2017 polling of managers, volunteers and the public paints a similar picture as our survey respondents broadly recognised the community benefits of charity shops. Managers and volunteers are understandably more likely to agree that charity retail provides community benefits across a range of areas, and a majority of the public takes a similar view in most cases (figure 10). The only significant disagreement between the charity shop workers and the public relates to social interaction, with just a third of the public seeing this as a significant benefit of charity shops. This suggests that the primary social interaction benefits are between charity shop colleagues, and between shop staff and a relatively small section of the local community.

Figure 10 The proportion of people who agree that charity shops provide various benefits to the community, by whether volunteers, managers or the general public



## Recycling and reuse of unwanted goods

There is widespread agreement among volunteers (96 per cent), managers (89 per cent) and the public (79 per cent) that the reuse and recycling of goods by charity shops constitutes a key social and environmental benefit of the sector. According to the CRA some 95 per cent of the clothes charity shops receive are either recycled or reused.<sup>93</sup> This activity has a significant environmental impact, diverting 331,000 tonnes of textiles from landfill in 2015/16, and in doing so reducing CO<sub>2</sub> emissions by an estimated 6.9 million tonnes per annum.<sup>94</sup> Diverting clothing and other goods from landfill also has economic benefits for local councils, by reducing costs from landfill tax (the tax paid by local councils for disposing of waste in landfill sites). Using the 2015 standard tax rate of £82.6 per tonne, we calculate that charity shops saved councils over £27 million in 2015/16.

The significant fall in the rag price in recent years (dropping from on average 45 pence to 37 pence per kilo between 2014 and 2016) has reduced the incentive for charity retailers to sell on unwanted goods to textile recyclers.<sup>95</sup> This may have a positive environmental impact by encouraging charity shops to increase the reuse of donated stock. Although recycling goods is clearly preferable to sending them to landfill, it still carries with it some environmental costs, predominantly in the energy and chemicals required for the industrial recycling process.<sup>96</sup> In contrast, reusing goods has none of these environmental downsides. There is emerging evidence that charity shops wish to promote greater

reuse of stock in response to the fall in rag price; some retail chains have introduced discount stores (see section 'Supplying affordable goods' below) as a way to sell stock that is in good condition, but was previously unwanted.<sup>97</sup>

Recognising the environmental benefits and current fiscal incentives around reuse, some charities (including large national chains, such as Sue Ryder) have set up dedicated 'reuse' shops often located at, or near, local recycling centres. These shops have generally been developed through pioneering partnerships between charity retailers, local councils, and waste management companies, brought together by the mutual environmental and economic benefits that reuse can bring. Wrexham Borough Council has recently entered into one such partnership with waste management contractor FCC Environment and local hospice Nightingale House, launching a new store at a recycling centre in 2016.<sup>98</sup> Under the partnership, staff from FCC Environment salvage useable items from the recycling centre where the shop is located, and from two other household waste sites in the city. They clean and safety test these items before placing them in the reuse shop, run by Nightingale House. By innovating in this way charity retailers are helping to increase the proportion of goods that are reused and in doing so maximising environmental and cost saving benefits.

## Supplying affordable goods

Charity shop workers and the public broadly agree that charity shops provide affordable goods to people on low incomes (charity shop workers by 89 per cent and the public by 67 per cent). In addition, some 39 per cent of the respondents to our public polling said that they would be likely to buy second hand from charity shops, if trying to save money as a household.

Since our previous report, the capacity of charity shops to supply affordable goods has increased, and some charity retailers have experimented with discount stores. Although charity shops have traditionally been a place to pick up a bargain, these new stores are far more direct in advertising affordable prices, often making use of so-called 'block' pricing where all items of a similar type (eg, clothing or books) are given the same price. Cancer Research UK has pioneered this approach, by introducing a £1 shop in Oxford, and more recently rolling out a new £3 or less pricing strategy in many new and existing stores.<sup>99</sup>

Managers working in discount stores are generally positive about the impact of the new approach to pricing. One Cancer Research UK manager whom we spoke to managed a shop in a high street that had

deteriorated significantly in recent years because of poor local economic performance and high levels of unemployment in the town. With sales at the shop falling, staff decided to move to a new pricing structure (selling everything for either £1, £2 or £3) to better reflect 'what people in the local area can afford'. According to the shop's manager, the shop is 'flying now', with the new pricing policy dramatically improving the store's appeal to the local community.

### Newport: adapting to local economic conditions through discount retailing

In 2013 Newport was the most visibly troubled high street of our case study locations. Since then a major new city centre shopping complex – Friars Walk – has been completed, which has attracted 10 million visitors in its first year of opening and created 1,500 jobs. Despite this, some key economic indicators have continued a downward trajectory. Vacancy rates remain the highest of any of our case study locations, at 30 per cent in 2016, and prime rents have fallen by 20 per cent since 2013, and are now just a quarter of their value in 2008.<sup>100</sup> Newport continues to have a higher unemployment rate (5.8 per cent in the year to September 2016) than the national average (4.9 per cent across the UK) and pay levels (average gross weekly pay) are 6 per cent and 15 per cent below averages across Wales and Great Britain.<sup>101</sup>

Although there were economic difficulties in the town, Tenovus Cancer Care set up its first charity pound store in Newport in 2014. The charity came up with the idea for a discount store in response to the fall in rag prices, which made the recycling of unwanted stock increasingly unprofitable. Tenovus decided to locate in Newport because of the low rental costs; the landlord for the property offered a short lease to encourage the charity to fill a vacant lot.

The Newport 'bargain shop', which stocks good condition but unsold items from Tenovus' 65 other stores, has been a major hit with local people because of its low prices and rapid turnover of stock (which is replenished four times a day). The shop has also provided a major boost to its parent charity's income, surpassing its initial financial targets by 25 per cent and turning over between £1,500 and £1,900.<sup>102</sup>

### Raising awareness and delivering services

Our surveys show that charity shops act as an awareness raising tool for their parent charity within the local community. In our 2013 report we argued that as well as raising awareness in a general sense, charity shops can also play a role in actively promoting the services of their parent

charities, through signposting or providing services in store. However, it appears that little progress has been made in this area over the past four years with just 5 per cent of the public saying that they had 'found out more about the work of a charity by speaking to staff or through leaflets/posters' through charity shops and just 1 per cent saying they had 'found out about how to use the charity's services or accessed services which helped me.'

The wider service function of charity shops may still be in its nascency, but there are some examples from the sector of new and innovative practice in this area. Cancer Research UK has pioneered development of in-store cancer engagement rooms in its ten new 'superstores'.<sup>103</sup> These rooms contain information about cancer diagnosis and treatment, and provide a hotline that allows people concerned about cancer to speak confidentially to a Cancer Research UK nurse.

Such innovations are not restricted to large national charity retailers. Friends of Cathja – a West London mental health charity – is a small retailer that delivers similar services in store. In 2016 the charity set up a shop and community hub in Brentford, which provides a space for local people to discuss their concerns with members of staff.<sup>104</sup> The staff can then refer people to sessions at the charity's main centre, or suggest professional mental health services that could help. Friends of Cathja has opened its hub to any other local charities or organisations that wish to use it for similar purposes.

### **Providing local information and community events spaces**

Neither the public nor shop staff think that charity shops provide local information on things like events, benefits and housing information. This arguably reflects the fact that although charity shops are an important part of the community for staff, regular shoppers and donors, and local people affected by the charity's wider mission, other people only have limited interaction with them.

There are examples, however, of charity shops that are attempting to reach the wider community to provide services that go beyond selling donated goods. Sense launched a notable initiative in 2016, in conjunction with the National Citizen Service, by providing opportunities for community-based social action across its stores. For one day, 55 teams of 15–17-year-olds took over Sense charity shops and organised fundraising events across London. A particular effort was made to engage local communities in this event, and the young people involved were taught the basics of shop management.<sup>105</sup>

## Summary – high streets and communities

Despite improvements in the wider economy since our previous report, there has been little wholesale improvement in the fortunes of the high street, with some downward pressures (particularly that from online competition) intensifying. For struggling town centres, charity shops therefore continue to play a vital role in filling otherwise vacant lots, and generating footfall to at least partially offset the departure of other businesses.

Nonetheless, some indicators of high street health (notably vacancy rates and prime rents) have improved slightly since our previous report. Our research finds that where high streets are recovering, charity shops can play an active role in supporting rejuvenation. The professionalisation of the sector, shown for example by the rise in visual merchandising skills, together with increasing specialisation (eg, vintage boutiques or specialist music stores) has enabled charity shops to contribute to a more vibrant and eclectic retail mix on certain high streets, including in our case study town of Margate.

Regardless of economic context, our research finds that charity shops can act as a resource for the wider local community by providing a range of functions and services beyond simply selling goods. There is significant consensus between shop managers, volunteers and the public on the benefits that charity shops provide to the community, particularly around recycling and reuse, raising awareness and providing affordable goods. However, although there is some innovative activity around service delivery at the shop level, this capacity of charity shops is underused.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

The charity retail sector has grown, professionalised and diversified rapidly, at a time when other areas of the economy have faltered. In recent years, the pace of charity retail's growth has slowed somewhat, but this reflects a maturing sector that has deepened and broadened the social value it creates in the years since our initial study. As well as continuing to provide a substantial and comparably stable income stream to support the social impact of parent charities, charity retailers increasingly recognise their capacity to bring wider social benefits to their local community.

Our findings show that making a trip to your local charity shop is no longer the preserve of a particular generation or income group, but an activity engaged in by a cross-section of British society. As charity shops have broadened their offer and customer base they are increasingly able to add to, rather than detract from (as some stereotypes may suggest), a vibrant mix of retailers on the high street, and to provide a range of community benefits beyond their core retail function.

The benefits associated with volunteering represent arguably the greatest source of social value generated by the sector. Charity retailers currently provide nearly a quarter of a million volunteering places across the country, diverse in their content, duration and beneficiaries. Volunteering in charity retail helps young people to gain life and work skills, provides retirees with opportunities to socialise, enables disabled people to showcase their assets in a supportive environment, helps jobseekers to rebuild their confidence and transition into paid work, and gives people within the criminal justice system a chance to give back and re-integrate into the community. Volunteers are overwhelmingly satisfied with their role, and it is difficult to think of another area of the charity sector that provides volunteering opportunities that meet as wide a range of individual circumstances, needs and motivations.

Charity managers – who receive economic and social benefits from having access to stable, local work – are the engines of social value within their individual stores. Managers are responsible for meeting sales targets and they influence the profits generated for parent charities, their management style shapes the experience of volunteers, and their ideas and activities enable new services and campaigns within their stores to be delivered. For the charity retail sector to continue to grow economically and socially it needs to continue to invest in people who drive social value locally.

## Recommendations

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

*The CRA should develop a sector-wide campaign to promote volunteering in charity shops, backed up by a framework to monitor the social benefits gained by volunteers.*

Our study found that volunteers within charity retail are overwhelmingly satisfied with their roles, and report substantial benefits across a wide range of areas. Our research demonstrates that volunteers can get very different things out of their role depending on their age and motivations for volunteering (eg, young people report skills and work experience development, and older people report the social aspect of volunteering). Given the vast size of the charity retail volunteer base this is arguably the biggest area of social impact generated by the sector.

However, despite improvements in recent years the volunteer base is still heavily skewed towards women and older people. Although securing an adequate supply of volunteers has been a perennial challenge for the sector, charity retailers are more concerned about this than at any time in the past decade, according to Civil Society's most recent Charity Shops Survey.<sup>106</sup> There is therefore significant scope to broaden the volunteer base, to meet retailers' rising volunteer recruitment demands, and to expand the social impact generated by the sector.

The CRA should therefore develop a campaign to promote volunteering in the sector, based on what we know about the benefits that current charity shop volunteers report. This campaign can take inspiration from some of the targeted approaches that individual retail chains are using to attract particular types of volunteers (eg, youth social action or employability skills development).

Underpinning any campaign should be guidance for retailers on how to measure the social impact of volunteering in their stores. While this report helps to demonstrate impact at an aggregate level, monitoring of volunteer outcomes at the level of individual retailers remains patchy. A few simple and standardised metrics could dramatically improve monitoring in the sector, and significantly boost individual and collective reporting on volunteer outcomes.

*The CRA should stimulate discussion on how to promote greater engagement in the sector from men.*

Our research on the profile of donors and shoppers found that gender is the only demographic factor that significantly influences engagement

across both areas, with women significantly more likely to donate and shop.

There is therefore significant scope to expand the customer and supporter base by attracting more men into the sector. The sector should consider ways to promote male products, such as male formal wear, perhaps trialling specialist pop-up stores targeting male customers. The sector could also develop targeted campaigns to boost donations from men – these might be particularly effective where the parent charities are focused on male-dominated health conditions or causes. Our polling found that donating and shopping are likely to reinforce engagement, so efforts to promote one activity are likely to lead to an increase in the other.

*Charity retailers should ensure that there are structured routes for volunteers to learn and develop through internal progression opportunities and/or externally recognised qualifications and training programmes (eg, NVQs and apprenticeships)*

Our research found that volunteers, particularly those looking for work, benefited from structured approaches to induction and training. Charity retailers should develop a range of structured volunteer programmes that target specific groups or lengths of service, have specific learning or development outcomes, and are aligned with some form of internal or (preferably) external accreditation.

One approach introduced by several retailers whom we spoke to has been to develop 'advanced' volunteering roles, which enable volunteers to take on more responsibility and develop more specialist skills in a particular area of charity retailing. Charity retailers should consider developing a range of these roles focused on different areas of specialism (eg, shop floor management, visual merchandising, online retail) to enable volunteers to pursue areas of interest and deepen their skills in the process. These roles should clearly delimit the additional responsibilities and competencies required, while also being careful not to undercut the role of any paid staff.

The job prospects of jobseekers can be boosted significantly if they have an opportunity for their new skills to be recognised through an external qualification. Many charities provide the opportunity for volunteers to work towards an NVQ (eg, NVQ in Customer Service), and we encourage those retailers that currently don't offer this to consider doing so. Charity shop managers need some guidance to support volunteers working towards NVQs; as the course content and assessment is provided by an external exam board the additional input required from an individual shop is limited.

Finally, there are legislative changes that may enable charity retailers to access funding to take on apprentices from 2018. This provides a significant opportunity to develop a specific type of structured programme to aid skills development. Charity retailers should start to assess the scope for providing apprenticeships within their shops, and to consider the content of any scheme, and the potential benefits and costs associated with doing so.

*To maximise the take up of, and benefits from, work experience placements Jobcentre staff should set up clear communication channels with local charity shop managers about the voluntary nature of placements.*

Our findings show that if positive working relationships can be cultivated between staff in local Jobcentres and charity shops by providing work experience placements, there can be significant benefits for jobseekers, charity shops and the public purse. However, despite there being progress in recent years, charity shop managers who have had negative experiences when dealing with work experience placements are often unwilling to engage further with their local Jobcentre.

To enable better joint working, Jobcentre staff should ensure they have clear lines of communication with local charity shop staff, ideally giving responsibility to a specific member of staff to liaise with nearby charity shops around work placements. Jobcentre staff should make clear to charity shop staff and jobseekers that jobseekers are referred to work placements entirely voluntary.

Significant progress has been made at a national level through the national portfolio of charity retailers of Jobcentre Plus, which provides national level agreements with large charity retail chains. Where possible Jobcentre Plus should encourage more national retail chains to sign up to the national portfolio to help increase the number and quality of work experience placements across the sector.

*Charity retailers should consider conducting wide ranging reviews of shop managers' pay and benefits to ensure that the sector can continue to attract new talent, and motivate existing managers to grow the economic and social impact of their shops.*

The Fabian Society's recent taskforce on the future of the high street retail sector has found that British retailers are at a crossroads as they face rising costs and increased competition – some are responding to this by attempting to further reduce labour costs, while others are investing in more highly skilled, highly engaged workforces to improve productivity and enable them to forge stronger relationships with customers.<sup>107</sup>

With rising costs from rents and near-term increases in the National Living Wage (set to reach £9 an hour by 2020), charity retailers are to some extent at a similar crossroads. And though most shop managers are satisfied in their role, only a minority say that they feel they are 'rewarded appropriately' for their contribution. This finding arguably provides an impetus for charity retailers to consider the longer-term sustainability of their remuneration packages.

Clearly the implications of any significant changes to pay and benefits need to be carefully considered, particularly in their impact on the funds that charity shops generate for parent charities. However, the sector is in a different place from where it was a decade ago, and if charity retailers want to continue to professionalise and diversify, and deepen and broaden their social impact, they need to consider how they can best engage and motivate existing managers, and attract new talent into the sector.

*Charity retailers should develop and promote in-store services related to the mission of their parent charity or wider community need.*

In our 2013 report we argued that charity shops could provide an important gateway for services delivered by their wider parent charity, or more broadly provide services or information that meet the needs of the local community. Our 2017 findings show that though there have been some 'bright spots' of innovation in the past four years, little progress has been made at an aggregate level. For example, while 61 per cent of the public said they had purchased an item from a charity shop in the last 12 months, just 1 per cent of people said that they had ever 'found out about how to use the charity's services or accessed services which helped me' at a charity shop.

Clearly, it is important that individual shops maintain a focus on their core function – selling donated stock to raise funds for their parent charities – but our findings suggest that an opportunity is being missed to develop more of an outward-facing community role. In our interviews with charity retailers we heard stories of members of staff actively promoting their shops in the community and developing in-store events to raise the profile of their charity and bring the local community together. Charity retailers should consider introducing more formalised community engagement roles, as either a standalone position or components of volunteering or retail managers' job descriptions. This could enable charity retailers to assess the role of their shops in delivering social value within the wider community more comprehensively.

## TECHNICAL ANNEX

### Survey details

We commissioned polling company Populus to survey members of the British public on their attitudes towards charity shops and the health of their local high street. The survey was conducted online as part of Populus' Online Omnibus. The sample size for this survey was 2,038 adults (aged 18+), with fieldwork taking place on 11 and 12 January 2017. Populus provided weights to the dataset to provide a sample representative of the British public according to key demographic indicators. Alongside our survey questions, the dataset includes demographic information about respondents such as their gender, age, ethnicity, religion, social grade and income.

### Statistical analysis

Our analysis of polling data on shopping and donating to charity shops uses a logistic regression model to measure the effect of discrete changes in explanatory variables of interest. This involves building a statistical model of all the factors we reasonably believe to affect a given outcome (donating to or purchasing from charity shops). Through the modelling we are then able to pick out how strongly a single factor, or 'explanatory variable', is related to whether people shop or donate (known as the 'dependent variable').

We selected explanatory variables to add to our model based on evidence in the literature, showing which demographic characteristics influence donating or shopping habits (table 1).

The focus of our analysis was to assess the influence of these factors on the likelihood of whether or not people shopped or donated. As the dependent variable we are using is binary (shopped or didn't shop; donated or didn't donate), we used a binomial logistic regression analysis. To develop a dichotomous dependent variable we created a dummy variable using response data from asking the following questions:

- 'How many times have you donated items to a charity shop in the past 12 months?'
- 'How many times have you purchased from a charity shop in the past 12 months?'

People who responded that they had not donated or purchased an item in the last 12 months were coded 1; people who said they had donated

or purchased (from the lowest category 'up to 5 times' to the highest 'over 20 times') were coded 2.

We present the output tables of the two regression analyses below. Effects are reported as significant at a 95 per cent confidence level. In the donor model (table 2), where variables failed the significance test they were removed from the model. In the shopper model (table 3) we present all the variables to demonstrate the lack of predictive power of this particular model.

Table 2 Logistic regression predicting the likelihood of donating to a charity shop in the last 12 months based on gender, age, social grade and religion

| Category     | Variable                   | B     | S.E. | Wald   | df | Sig.* | Exp(B)** |
|--------------|----------------------------|-------|------|--------|----|-------|----------|
| Gender       | Women                      | .744  | .118 | 39.926 | 1  | .000  | 2.105    |
| Age          | 18–24 (reference)          |       |      | 47.705 | 5  | .000  |          |
|              | 25–34                      | .181  | .195 | .856   | 1  | .355  | 1.198    |
|              | 35–44                      | .823  | .211 | 15.232 | 1  | .000  | 2.277    |
|              | 45–54                      | .665  | .204 | 10.600 | 1  | .001  | 1.944    |
|              | 55–64                      | .997  | .227 | 19.214 | 1  | .000  | 2.710    |
|              | 65+                        | 1.187 | .216 | 30.054 | 1  | .000  | 3.276    |
| Social grade | AB (reference)             |       |      | 21.406 | 3  | .000  |          |
|              | C1                         | -.136 | .166 | .672   | 1  | .412  | .873     |
|              | C2                         | -.479 | .169 | 8.018  | 1  | .005  | .620     |
|              | DE                         | -.675 | .163 | 17.084 | 1  | .000  | .509     |
| Religion     | No religion<br>(reference) |       |      | 12.622 | 2  | .002  |          |
|              | Christian                  | .312  | .124 | 6.321  | 1  | .012  | 1.367    |
|              | Other religion             | .781  | .264 | 8.759  | 1  | .003  | 2.183    |
|              | Constant                   | .386  | .191 | 4.087  | 1  | .043  | 1.471    |

\*To be classified as statistically significant the 'Sig.' value must be below .050.

\*\* Exp(B) column presents the odds ratio for each variable category, which compares the likelihood of donating with the reference category for that variable. Eg, Women, Exp(B)=2.105 means women have a 2.1 times higher odds of donating than the reference category (men).

Table 3 Logistic regression predicting the likelihood of purchasing at least one item from a charity shop in the last 12 months based on gender, age, social grade, religion, ethnicity and region

| Category     | Variable                  | B     | S.E. | Wald   | df | Sig.* | Exp(B)** |
|--------------|---------------------------|-------|------|--------|----|-------|----------|
| Gender       | Women                     | .447  | .099 | 20.574 | 1  | .000  | 1.564    |
| Age          | 18–24 (reference)         |       |      | 12.814 | 5  | .025  |          |
|              | 25–34                     | .019  | .185 | .011   | 1  | .917  | 1.019    |
|              | 35–44                     | .395  | .189 | 4.369  | 1  | .037  | 1.484    |
|              | 45–54                     | .434  | .189 | 5.301  | 1  | .021  | 1.544    |
|              | 55–64                     | .348  | .197 | 3.127  | 1  | .077  | 1.417    |
|              | 65+                       | .424  | .186 | 5.201  | 1  | .023  | 1.528    |
| Social grade | AB (reference)            |       |      | 2.193  | 3  | .533  |          |
|              | C1                        | .096  | .134 | .508   | 1  | .476  | 1.100    |
|              | C2                        | -.112 | .141 | .632   | 1  | .427  | .894     |
|              | DE                        | -.020 | .138 | .021   | 1  | .884  | .980     |
| Religion     | No religion (reference)   |       |      | 2.286  | 2  | .319  |          |
|              | Christian                 | -.115 | .108 | 1.137  | 1  | .286  | .891     |
|              | Other religion            | .201  | .251 | .640   | 1  | .424  | 1.223    |
| Ethnicity    | White (reference)         |       |      | 1.287  | 2  | .525  |          |
|              | BAME                      | -.266 | .235 | 1.285  | 1  | .257  | .766     |
| Region       | London (reference)        |       |      | 1.147  | 4  | .887  |          |
|              | Rest of South (SE, SW, E) | .039  | .169 | .053   | 1  | .818  | 1.040    |
|              | Midlands                  | .107  | .189 | .319   | 1  | .572  | 1.113    |
|              | North                     | -.032 | .174 | .034   | 1  | .854  | .969     |
|              | Scotland and Wales        | -.053 | .196 | .074   | 1  | .785  | .948     |

\*To be classified as statistically significant the 'Sig.' value must be below .050.

\*\* Exp(B) column presents the odds ratio for each variable category, which compares the likelihood of shopping with the reference category for that variable. Eg, Women,

Exp(B)=1.564 means women have 1.6 times higher odds of shopping than the reference category ( men).

## NOTES

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