



**Plunkett  
Foundation**

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# COMMUNITY SHOPS

## A BETTER FORM OF BUSINESS 2021



## About this publication

This publication is the most extensive and comprehensive research report to have been produced on the community shop sector in the UK. It was first published in 2011, and has become a much anticipated annual report ever since, growing with additional information year on year.

The report now serves as a startup guide for new groups, a benchmarking tool for existing community shops, and is used by funders and support organisations (including Plunkett Foundation) to futureproof services and investment decisions concerning community shops.

The data collection, analysis and report-writing was undertaken by Plunkett Foundation staff and advisers. This work was only made possible by the generous contribution from Power to Change.

## Methodology

While compiling this report, Plunkett Foundation undertook a stringent process of data validation to ensure that historic records are as up to date as possible.

The data was gathered from:

- Plunkett Foundation records that record all shops engaging with the Foundation over a considerable period of years
- Statutory data sourced from the Financial Conduct Authority and Companies House
- A survey with 137 responses
- Focus group discussions with 34 shops from Wales, Scotland and England to validate and illuminate findings
- Post Office data on the number of community shops offering postal services.

### KEY FACTS

#### In 2020:

- **13** new shops opened
- **392** community shops were trading in the UK by the end of the year
- The total share capital raised by communities of shops opening in 2020 was **£328,055** from over **1,800** new members
- Community shops had an average **£167,000** p.a. turnover, representing an estimated **£61 million** annual turnover for the sector
- **204** community shops offer postal services
- An estimated **400-425** FTE staff were employed within the community shop sector
- The sector has a workforce of approximately **7,500** volunteers
- The majority of community shops have between **50** and **250** members/shareholders
- The long-term survival rate of community shops was **92.5%**

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# Foreword

**The scenes of people clapping for NHS staff, carers and other key workers who worked tirelessly to keep us all healthy, fed, watered and able to access other key services remotely will be a lasting image of the COVID-19 pandemic. In nearly 400 communities across the UK and other surrounding communities, that applause would have also been for a network of volunteers that were putting themselves on the front line to keep their community-owned shops open for the benefit of their community. It is therefore my pleasure to provide the foreword for this year's *Community Shops; A Better Form of Business* and start with a note of appreciation and gratitude to every single person involved with these inspiring and vital local shops.**

The sector has been steadily growing for over two decades not only in number, but also in terms of the impact these small businesses are having in rural areas across the UK. They create jobs, support young people to access training, supply local goods, contribute positively to the environment and make a significant difference to the health and wellbeing of their community just by being open. As a member of staff at Plunkett described to me, these businesses are often so much more than just a shop. These projects are often started by local residents wanting to save or to reinstate a shop locally and once in community-ownership the businesses develop and offer a huge range of products and services to meet local needs. Seeing that 13 new shops opened their doors for the very first time, against the backdrop of a pandemic is truly amazing.

When the Prime Minister told us all to “stay at home” in March 2020, the role of small local retailers was critical and community-owned shops stepped up to support their local community. As this report shows, the shops adapted in the face

of adversity to make sure that they could continue to serve their customers. The businesses offered telephone or online orders, home delivery services, and coordinated wider community activity to support the most vulnerable and isolated people living locally. They had to do all of this whilst also trying to interpret advice and guidance for their own operations, and make sure that their volunteers and staff were supported and kept safe – it is therefore fantastic to see that they had a good year's trade last year, and also that the majority of them are feeling positive about the future.

It was so heartening to see a new generation of volunteers step up last year – with furloughed workers and students replacing those who were unable to work because of shielding or safety advice. However, as these individuals return to their own lives and society is afforded past freedoms, we are once again faced with the challenge of retaining and building on this new cohort of volunteers. I hope that this report can inspire more people to become involved in their community shop, not just with new developing projects but also with the businesses that have been serving communities for the best part of a generation.

Remember, these local businesses were there when we needed them most. Now, we need to keep supporting them going forward.



**Chris Coe**  
Trustee and Treasurer  
Plunkett Foundation

# What is a community shop?

**Since 1919, Plunkett Foundation has been advocating for communities taking control of assets and services that are important to them, as a means for delivering wider social, environmental and economic benefits.**

**A community shop does this by being owned and controlled by a large number of people from within the community for community benefit.**



Community shops are owned by their members (also known as shareholders) and are run democratically on the basis of one-member one-vote. Membership is voluntary, affordable and open to all, and is the way to ensure the community has a genuine say in how the business is run. This is what gives community shops their longevity. The active control and input by the business's members ensures it is continually adapting and serving the needs of its members and wider community.

Once in community ownership, an elected committee or board represents the wider membership and determines how the business is managed. The committee will either delegate the day-to-day management of the business to a team

of paid staff and/or volunteers (a managed shop), or in a small number of cases, sublet to a tenant who will operate the business within a framework set by the community (a tenanted shop).

Community shops often go beyond providing basic retail provisions and provide a wide range of additional services such as post offices and cafés. In addition, they become a hive of community and voluntary activity, providing a focal point for community events and services. Community shops actively promote inclusion and take care to involve people of all ages and backgrounds and particularly look out for those most vulnerable in society. They play an active role in addressing isolation and loneliness through the creation of employment and volunteering opportunities.

## 1

# Community shops during the pandemic



◀ **Tis the Future, Tisbury, is a mobile refill shop run by the community, to help shoppers eliminate single-use plastic waste**

**Community shops have proven their value several times over during 2020. When supermarkets saw long queues and empty shelves, many communities turned to shopping more regularly at their local shop. Community shops faced unique challenges compared to other businesses, such as shielding volunteers and disruption to supply. Thanks to local support, their resourcefulness and their resolve to serve their communities, they have not only pulled through a challenging period but have thrived. The overwhelming majority of community shops saw an increase in demand and therefore trade during 2020.**

As small businesses run for and by local people, community shops were quick to adapt to the changing situation. They restructured the layouts of their shops to include “order and collect” points or one-way systems to keep customers safe; set up remote ordering by phone, email or

online shop; and organised prescription and food deliveries for people who were self-isolating. Being locally rooted gave these businesses an advantage, as staff and volunteers were able to quickly and easily identify those most in need.

The success of community shops is testimony to the resilience of the communities that own and run them. When volunteers had to shield in the early stages of the pandemic, younger people or furloughed workers signed up to fill the shortage. When wholesale deliveries failed to arrive, communities made use of their local networks to find stock for their customers. Having once fought to save to establish their shop, most communities will remain committed in spite of enormous obstacles to sustaining their service.

Volunteers, management committees and staff went above and beyond to keep the community feeling connected and care for during successive

restrictions, with deliveries of care packages, activity packs for families and socially distanced meet-ups. The cohesion and mutual care that a community business can foster has never been more keenly felt than in the last 18 months, and this has only renewed the perceived value of community shops.

Although it remains to be seen whether the trend of shopping locally will continue, the outlook for community shops looks positive. The sector continues to grow with a number of new openings, in spite of a year of disruption, and no closures were recorded last year.

It must not be overlooked that community shops had to deal with extremely difficult challenges last year, such as fluctuation in volunteer numbers, needing to furlough staff, insufficient space, and supply disruption. Although many saw an increase in trade, for some shops with cafés based in tourist hotspots, 2020 resulted in a loss of income. Even as we eventually leave behind the worst of the crisis, community shops will face ongoing challenges. Volunteer recruitment, improving profitability and sustaining turnover have always been key priorities in previous years. We hope that this report will reinforce the value of community shops for its readers and engender even more support for this flourishing sector. The high confidence that community shops have looking to the coming months gives us reassurance that their hard-won success will continue for years to come.

## INSIGHT: KIRKOSWALD COMMUNITY SHOP

Kirkoswald in the Eden Valley, Cumbria, has had a shop for over 100 years, serving locals and tourists alike. When the shop went up for sale in 2020, a group of determined residents stepped in with ambitious plans to purchase the shop on behalf of the community and raised £200,000 in just seven weeks from a small rural community.

Following local and national media coverage donations came in from across the country and as far afield as Australia and Texas. The shop now has over 600 shareholders and started trading under community ownership in July 2021. It is a shining example of the power of a determined community. Ruth Anderson, Chair of the group, said: “We’ve been totally blown away by the strength of feeling about keeping it open and the community spirit. The shop was essential during COVID-19 lockdowns when people felt unsafe travelling to larger supermarkets; when the village was cut off by floods, it was the only place people could buy food until the waters subsided.”

“For many people, particularly during COVID-19, coming to the village to do their shopping is perhaps the only time they’ve spoken to anybody all day because it’s very rurally isolated. It really is a lifeline.”



### ▲ Campaigners raised £200,000 in community shares to save their shop in Kirkoswald, Cumbria

<sup>1</sup> As the Kirkoswald Community Shop opened in July 2021, its share offer figures will be included in the 2022 Better Business report

# 2

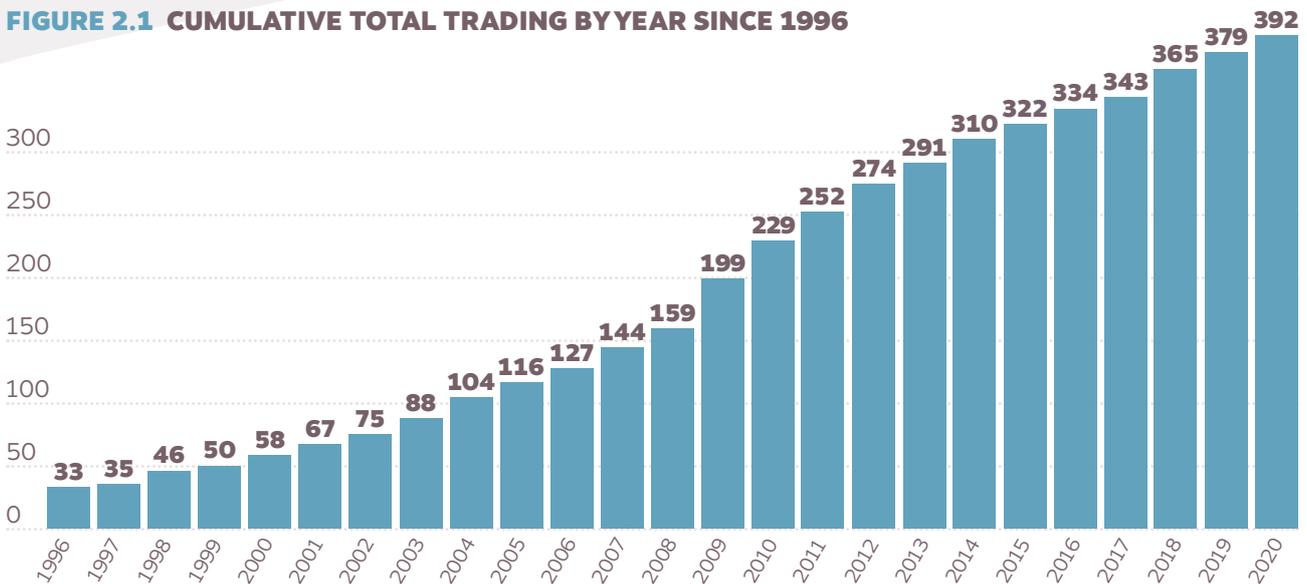
## Growth in 2020

### 2.1 Sector size

In 2020, 13 new community shops opened, and no shops ceased to trade. There was a cumulative total of 392 community shops trading by the end of the year. The number of openings in

2020 demonstrates a consistently steady growth and shows a stability in the sector, in spite of a challenging year. The long-term survival rate remains high at 92.5%.

**FIGURE 2.1 CUMULATIVE TOTAL TRADING BY YEAR SINCE 1996**



Source: : 2021 Plunkett Foundation Records

**FIGURE 2.2 NUMBER OF COMMUNITY SHOPS OPENING BY YEAR FROM 1996 (EXCLUDES ANY SUBSEQUENT CLOSURES)**



Source: : 2021 Plunkett Foundation Records: includes seven shops previously unrecorded

**Note:** figures 2.1 and 2.2 have been updated to include seven shops that opened before 2020 and exclude any shops known to have passed out of community ownership.

## 2.2 Regional distribution

The distribution of community shops continues to show the highest density in South West England with an overall bias to Southern and Central England and progressively lower densities in English regions moving northwards, with low take-up in the North East. The distribution of openings in 2020 follows a similar pattern.

Wales and Scotland have significant numbers of existing shops. Northern Ireland still does not appear to have embraced the community shop movement on any scale.

Existing data does not explain variations in these regional distributions but likely factors include:

- A “cluster” effect: the existence of successful and relatively local shops can stimulate other communities to set up their own shops
- Settlement patterns and population distributions: there needs to be sufficient local critical mass in terms of a customer and volunteer base

**FIGURE 2.3**  
**DISTRIBUTION OF COMMUNITY SHOPS**  
**BY LOCATION**

Location	Trading in 2020 at the close of the year	New openings in 2020
South West England	116	3
South East England	84	4
East of England	49	2
Scotland	36	1
West Midlands	27	0
East Midlands	21	1
Wales	20	0
North West England	18	0
Yorkshire & the Humber	16	2
North East England	4	0
Northern Ireland	1	0
<b>Total</b>	<b>392</b>	<b>13</b>

Source: 2020 Plunkett Foundation records

- The accessibility of other shops: whilst 91% of shops surveyed in 2021 are within six miles of another general store or supermarket, issues such as infrequent public transport or other accessibility constraints may make a local community shop more viable and attractive
- Sufficient community capacity and cohesion, and the availability of enough volunteers to successfully set up and run a shop
- The extent to which external help and support is available and accessible (be this third sector, public sector or other support).

The regional distribution of trading community businesses broadly correlates with the distribution of regions in relation to the enquiries received from new groups. There is no evidence from our records to suggest that the success rate of groups from enquiry to trading stage varies across regions. This means that where there are fewer enquiries from a region, there tend to be fewer trading community businesses. Further investigation is needed to determine why there is regional variation at enquiry stage.

## 2.3 New shops opening in 2020

Of the 13 new shops opening, seven offer Post Office services and five have café facilities. Eleven of the 13 new shops opening in 2020 were set up as Community Benefit Societies and ran share offers. For 11 shops where data was available, this resulted in a total of £328,055 raised as share capital from over 1,800 new members.

## 2.4 New activity

Rural communities continue to show strong interest in seeking to establish a community shop. 62 groups looking to set up a new community shop made up 20% of all new enquiries to Plunkett Foundation in 2020. Plunkett data shows that of all enquiries made, around 1 in 5 shop projects will go on to trading.

# 3

## Business model

### 3.1 Legal structures

One of the first decisions that a community group makes when setting up a shop is on its legal structure. As community shops are trading businesses that employ staff, manage volunteers and enter into contracts and financial agreements, they need to be constituted so that the individuals running the business have 'limited liability', and to ensure they are compliant with legal necessities such as tax, insurance, trading standards and employment rights.

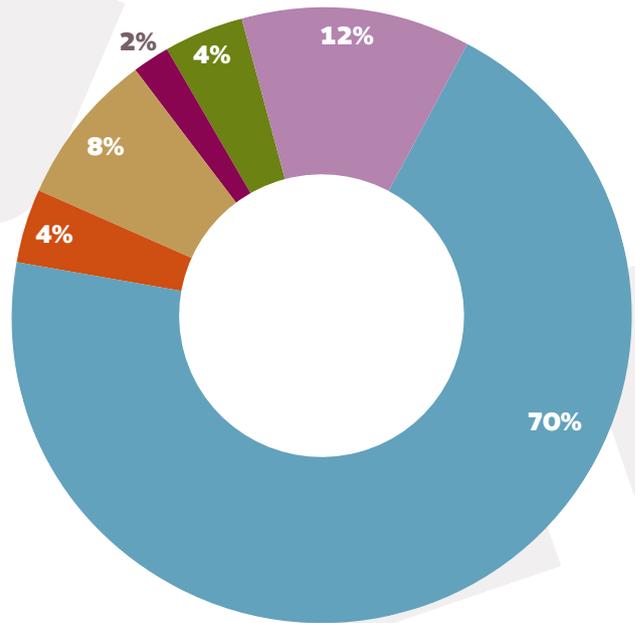
Plunkett recommends that community shops adopt legal structures that enable genuine community ownership with equal and democratic control. This would include:

- Open and voluntary membership
- A management committee drawn from members of the community
- The community clearly represented with the majority of members coming from it and having a genuine say in how the business is run, preferably with one member one vote
- Ideally, there should be an asset lock
- Trading should meet the community's identified needs and represent a long-term commitment
- A commitment to re-investing profits in the local community.

Legal structures which allow for this include: Community Benefit Societies (CBS), Co-operative Societies, Companies Limited by Guarantee, and Community Interest Companies (CIC) and may also include a Private Company Limited by Shares if the above criteria can be established. The Plunkett Foundation offers model rules for the CBS, and 10 of the 13 new shops opening in 2020 were established using these model rules. In general, the proportion of shops using the different types of structure has changed little since the previous year.

One major reason for the popularity of the CBS model is its democratic structure with a voting membership. Having 'invested' members is one positive means to foster community engagement and support for community businesses.

**FIGURE 3.1**  
**LEGAL STRUCTURES ADOPTED BY**  
**COMMUNITY SHOPS**



Company limited by guarantee	46
Community Benefit Society	275
Co-operative Society	16
Community Interest Company	30
Unincorporated	8
Other / unknown	16

Source: Plunkett Foundation from 390 available records

### 3.2 Membership and shares

The CBS model continues to be popular because it exists to benefit the wider and collective interests of a community and emphasises member involvement. The benefits of having a larger membership base include:

- A greater number of customers who are likely to use the business regularly
- A greater pool of people to call on as volunteers
- A greater range of expertise to elect onto the management committee.

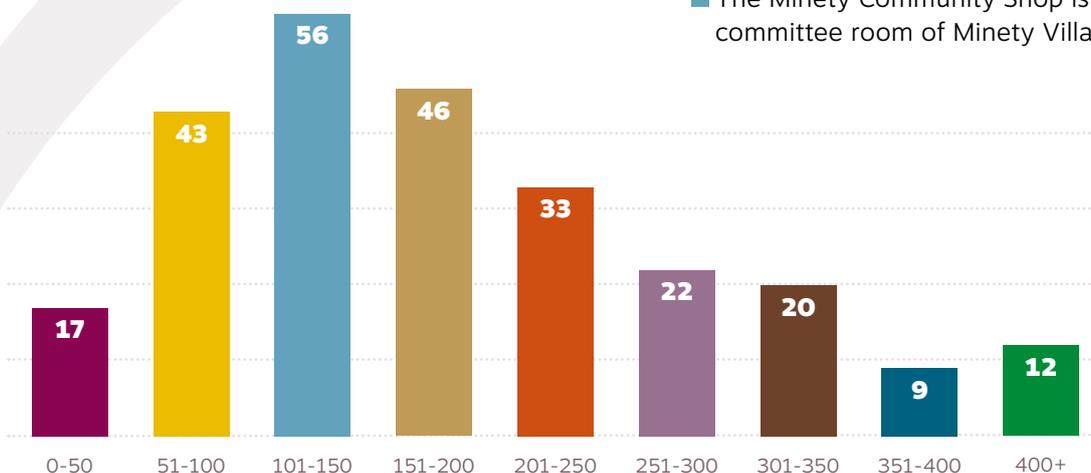


▲ **Candover Valley Store in Hampshire celebrated its first anniversary in June 2020**

A small membership can leave groups vulnerable when volunteer numbers reduce, or when the original directors or committee members are no longer able or willing to serve.

A cautious estimate of total members of community shops currently trading (based on a projection of those where data is available) suggests that 67,000 people are members and have therefore made a commitment to these enterprises that typically serve small rural communities (7% of shops having no members but 93% have a membership scheme, whether requiring some degree of financial commitment or not). A majority of shops (61%) have between 50 and 250 members. An equally cautious estimate of the value of community investment in community shops (based on a projection of those where data is available) suggests a cumulative total investment of £7.5m to date by members of these predominantly small rural shops / cafés / post offices.

**FIGURE 3.2**  
**COMMUNITY SHOPS:**  
**MEMBER / SHAREHOLDER NUMBERS**



Source: Plunkett Foundation from 258 available records

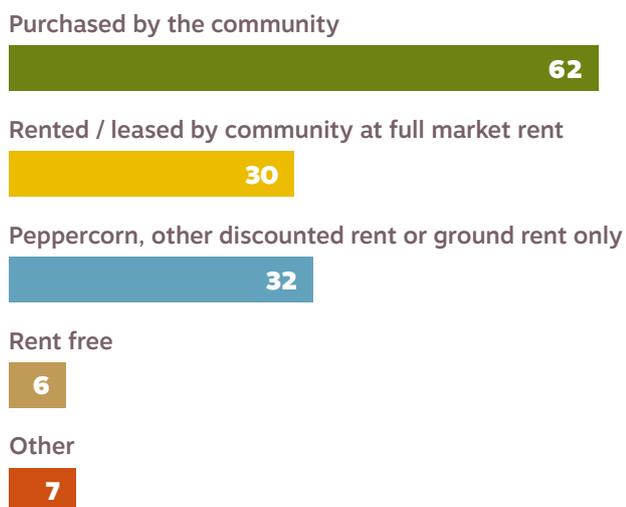
### 3.3 Shop premises

Community shops come in all shapes and sizes. In 2020, five (38%) newly opened shops were situated in existing shop premises taken over by the community, and four (31%) are in new builds. Undoubtedly the majority of community shop start-ups are triggered by the closure of an existing shop, although community groups do not necessarily take over the old shop, due to the purchase price being too expensive, or the premises too small. In 2020, four shops opened in premises that have an existing or previous purpose other than a traditional shop:

- The Lion Corner Shop, Langenhoe opened on the site of the old pub (the Lion) that was demolished for terraced housing. Villagers put together a business plan and a shop is hosted on the ground floor of one of the new homes.
- Volunteers from the St Dominick Community Village Shop adapted an old cabin to suit their needs.
- The Minstead Community Shop operates from the Trusty Servant pub.
- The Minety Community Shop is based in the committee room of Minety Village Hall.

**FIGURE 3.3**  
**COMMUNITY SHOPS: TENURE**

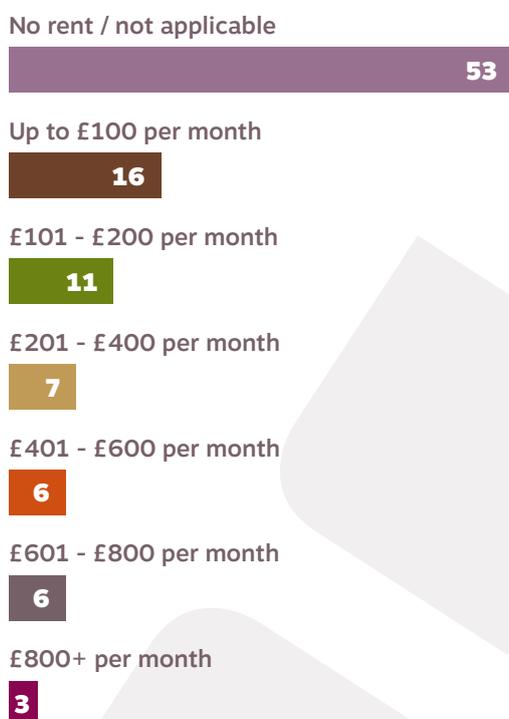
NUMBER OF SHOPS



Source: 2021 Plunkett Foundation community shops survey from 137 responses

**FIGURE 3.4**  
**COMMUNITY SHOPS: RENT**

NUMBER OF SHOPS



Source: 2021 Plunkett Foundation community shops survey from 137 responses

The range of premises across these new businesses demonstrates the resourcefulness of rural communities in finding space for their business where there are few local community assets remaining. Community businesses often combine a shop with other business models, as is the case with the Royal Oak in Stoke St Gregory, which is run by Heart of the Village, and operates a shop alongside the pub.

**INSIGHT: HEART OF THE VILLAGE (THE ROYAL OAK)**

In response to the closure of both the village pub and shop in Stoke St Gregory, Somerset, the residents rallied and decided to fundraise to buy the Royal Oak so that it could accommodate both the community shop and the pub.

Located in the village square, the Royal Oak was seen as an essential building to maintain a social hub for a relatively isolated village community that could no longer provide essential services to young families or older residents.

Despite the difficulties of the pandemic, and with a great deal of determined volunteers, the Heart of the Village community business opened their community shop in November 2020. Starting as a temporary ‘shop in a box’ on the playing field, the business now hosts a café, post office. Later in 2021, when COVID-19 restrictions allowed, their pub, the Royal Oak, started trading too.

Graham Glead, volunteer committee member, commented: “Our success is evidence of everyone’s hard work. We started with a hope, rather than a plan, that we could save our village’s shop and pub and bring new energy and vibrancy to the village. Having both the shop, café and pub working together unites our village – bringing people together that would never normally meet.”

# 4

## Services and activities



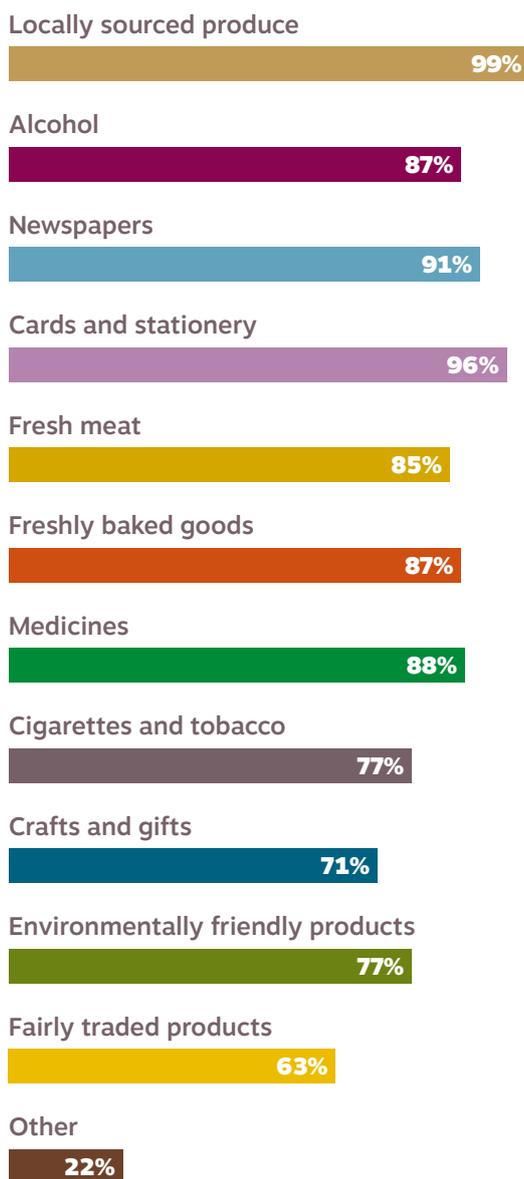
▲ Coffee being served at the Brent Knoll Community Shop, Somerset

### 4.1 Core products and services

Community shops stock an enormous range of products from essentials such as groceries and household goods, local produce, ethically sourced products, and ecologically sustainable products such as refill services to reduce plastic waste. Many of the shops will draw their stock from up to 20-30 suppliers (though this is very variable), tailoring their stock to the needs of their own community. This adds to their diversity and resilience, and ensures that visiting a community shop will always be a unique experience. During the initial UK lockdown where many products such as flour were in short supply, and wholesalers appeared to prioritise larger retailers over smaller businesses,

community shops were able to draw on their network of local suppliers to get what was needed. Alongside basic grocery and household goods, community shops stock fresh produce (fruit and vegetables, milk, bread etc.), newspapers, stationery, medicines, with a large proportion (over 80%) stocking fresh meat and freshly baked goods. Other products not listed in Figure 4.1 include road fuel, kindling and logs, bird food, plants and fresh flowers. The latest Plunkett survey shows that almost 100% now say they stock locally-sourced products (under a fairly wide definition) – a useful pointer to the contribution they make to the local economy. Selling local produce also creates a point of difference from

**FIGURE 4.1**  
**CORE PRODUCTS**



Source: 2021 Plunkett Foundation survey from 137 responses

**Note:** respondents could select more than one option

the supermarkets, helps to engage the community and can be proven to reduce food miles.

Community shops also host a wide range of formal services, because they aim to support their communities in every feasible way. In addition to the core services shown in Figure 4.3, additional services are offered, such as: charging points for electric bikes, cars and mobile phones; refilling water bottles (ceased for a period during lockdowns); collection/dropoff point for parcels; veg boxes; distribution point for village newsletter; laundrette; defibrillator; ticket sales for local events; and collections for local charities.



**▲ Customers at the café in Candover Valley Community Store**

## 4.2 Café services

Café facilities have been an increasingly popular addition to community shops and even some of the smaller shops manage to squeeze in a table in the corner, for people to come and have a cup of tea and a chat. This helps to increase footfall and may improve profitability (café products generally having higher margins, although may incur higher staff costs) as well as fulfil the shops' social mission of addressing isolation and loneliness. Cafés also provide volunteering, work experience or paid employment opportunities for young people.

31% (43) of shops responding to the survey operate a café. Most community shop cafés tend to offer a limited menu that generally means coffee, tea, and cake (these tend to be run by volunteers). Some shops offer wider choice and generally include dishes prepared on the premises including hot food.

## 4.3 Services introduced during the pandemic

During the first months of the pandemic, and through successive lockdowns, community shops introduced new services in response to the COVID-19 crisis. These included essential services such as food and prescriptions deliveries for people who were self-isolating and shielding, free school meals, and "good neighbour" schemes to support vulnerable people. Other services included online social events, plant swaps, and jigsaw and book lending. Many shops also implemented online or telephone ordering systems and customer accounts, to make shopping safer for the most vulnerable residents with their orders being processed remotely.

When asked whether they planned to sustain these services, significant proportions of community shops said they would. It should be noted that many community shops offered key services such as prescription pick-up and delivery prior to the pandemic, and so it is unsurprising that they continue to be committed to supporting their community.

Activities which were introduced in response to self-isolating residents are noticeably among those least likely to be continued, as the vaccine rollout has reduced the need for shielding. Delivery and “good neighbour” schemes are also heavily reliant on volunteers, and so with the return to work for workers from furlough and young

people returning to their studies, many community shops are facing the pre-pandemic issue of volunteer recruitment and retention once again.

The only service set to increase post-pandemic is the stocking of locally sourced products, with all respondents wanting to continue the new product lines they introduced in 2020 and some additional respondents saying that they wanted to increase their range in future. This demonstrates the important role community shops can play in the re-localisation of the supply chain and creating a more robust food system in the UK.

### INSIGHT: DUNSHALT COMMUNITY SHOP

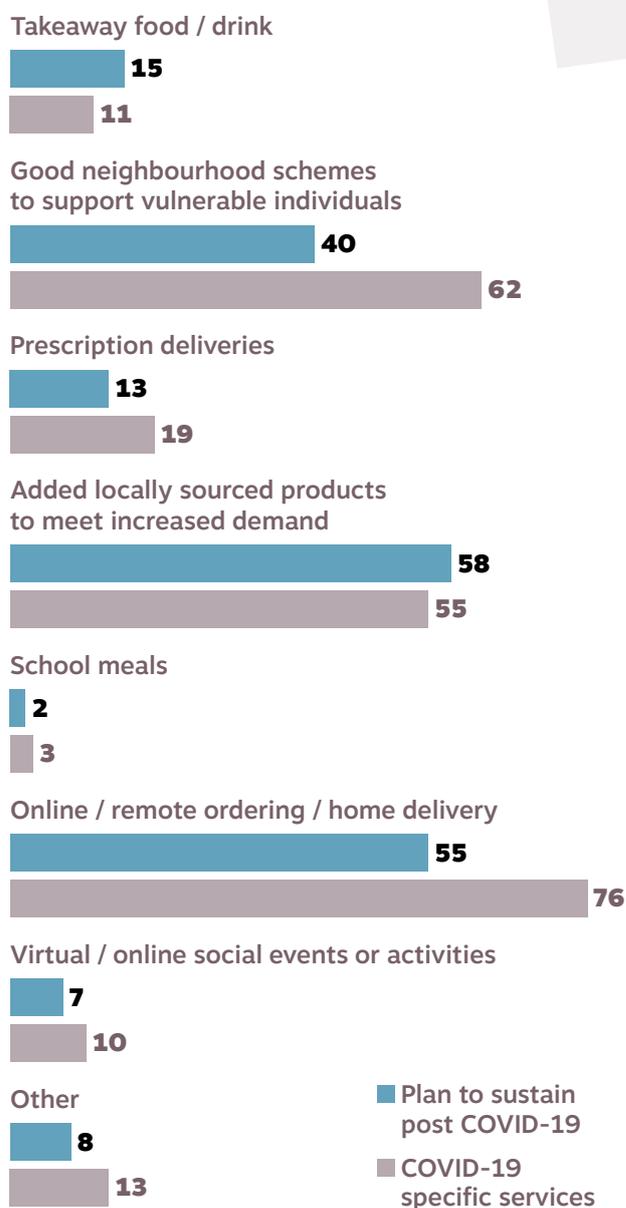
Dunshalt Community Shop and café opened in Fife only a few weeks before the pandemic and the first lockdown restrictions were imposed. Instead of an adverse effect the committee, staff and volunteers were busier than ever.

Alison Crook, Treasurer of the Dunshalt Community Shop, said: “First we closed the café, just hours before the national lockdown, we closed the doors of the shop and moved to free home delivery service to Dunshalt and surrounding villages. With local suppliers we were able to supply food in the community when supermarkets were struggling to keep their shelves stocked. Volunteer drivers and village teenagers delivered on foot. We also did a prescription pick-up service and provided free packed-lunches for struggling families through a voucher-scheme.

When lockdown eased we re-opened the shop with takeaway food and it has been doing a great trade ever since. I love that it proves social enterprise works – profit does not have to make the world go around.”

The community shop means everything to our village; less travel, great local produce, the essentials within a five-minute walk and for the morale of the village of course. We were so grateful to have the shop during lockdown. Due to our home deliveries, and being there when people needed us the most, we now have an abundance of loyal customers – people from near and far that visit our shop.”

**FIGURE 4.2**  
**COMMUNITY SHOPS ESTABLISHING NEW COVID-19 SERVICES AND PLANS TO SUSTAIN THEM**



Source: 2021 Plunkett Foundation community shops survey from 137 responses

## 4.4 Effects of COVID-19 on existing products and services

### Products

Although many shops did experience supply issues at the beginning of the first UK lockdown in 2020, many were able to adapt quickly, e.g. by using local suppliers, doubling up on orders, even in some cases arranging to buy stock from local supermarkets. In response to the 2021 survey, 91% said that they did not experience “major supply issues” during the pandemic. Despite the initial scramble to source certain products that were in short supply, it seems that the majority of community shops responding to the survey felt that they were able to cope with short-term shortages. 40% of responding shops stocked new local product lines to meet the increased demand. All 115 shops (84% of respondents) who saw an increase in demand were able to partially or wholly meet that demand (13% and 87%).

However, it was evident at the focus groups that for some shops supply issues are longer-term and even pre-date the pandemic. For example, profit margins are being squeezed due to rising wholesale prices, or stock deliveries are still not being fulfilled, with some wholesalers citing lack of pickers and drivers as a reason for delays in deliveries.

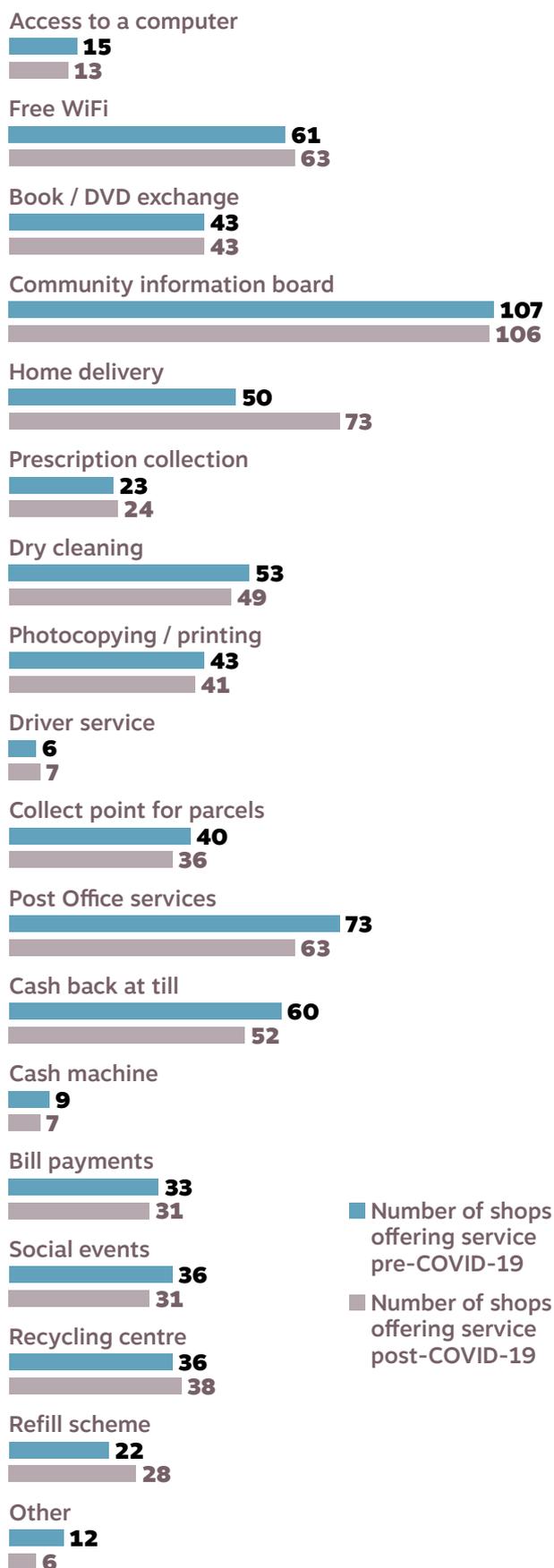
Broadly speaking it seems from survey responses that the range of products stocked by community shops will not change as a result of the pandemic, although some shops may try to increase stock or local product lines.

### Services

In our 2021 survey, we asked community shops which services they had offered before March 2020, and which services they planned to continue as life begins to return to normal. The intention was to establish whether the range of services offered by community shops in the long term would change substantially due to the pandemic. Although figures vary from 2021 survey findings, there are some changes evident – most variations from 2020 are explainable by the different sample responding to the survey rather than any trend. However:

- There is evidence of a very modest rationalization of some services planned for post COVID-19. The enormous upheaval of re-organising the shop space and activities has put many shops in a position to reconsider their current offering. The list in Figure 4.3 gives an

**FIGURE 4.3**  
**CORE SERVICES OFFERED PRE-COVID-19 AND PLANS TO SUSTAIN THEM**



Source: 2021 Plunkett Foundation community shops survey from 137 responses

overview, but probably understates the true diversity of services provided by shops.

- One of the more significant reductions is in the offer of cash back at the till, which may be a reflection of increasing usage of contactless card payments and an accelerated reduction in the use of cash during the pandemic. However, at the focus groups many shops stated that they remained committed to accepting cash, to remain accessible to all customers.
- There is a more surprising reduction in shops planning to sustain post office services, which again may be a reflection of a wider shift to online access, or may be a result of the challenges of running a post office in a community shop (such as limited space and staff capacity).
- More shops intend to introduce environmentally friendly initiatives, by installing refill dispensers and recycling points.

### Cafés

43 shops (31% of all respondents) previously offering café services reported COVID-19 changes as follows:

- 17 closed completely (some reported that operating takeaway only was financially unviable)
- 18 offered takeaway services and reopened for outdoor services when allowed by government
- 8 offered takeaway only.

In terms of the impact of the closure of the café on profitability,

- 42% (18) reported no impact
- 33% (14) reported some impact
- 12% (5) reported substantial impact
- 7% (3) were not sure (a further three did not provide a response).

In most cases, impacts on overall profitability of the business were minimal (with a few exceptions), for example because:

- Increased shop sales more than compensated.
- Café services were modest prior to the pandemic in comparison to shop trade.

As places for people to get together and meet, cafés are often operated for their social benefit rather than their income-generating potential. However, due to the surge in domestic tourism

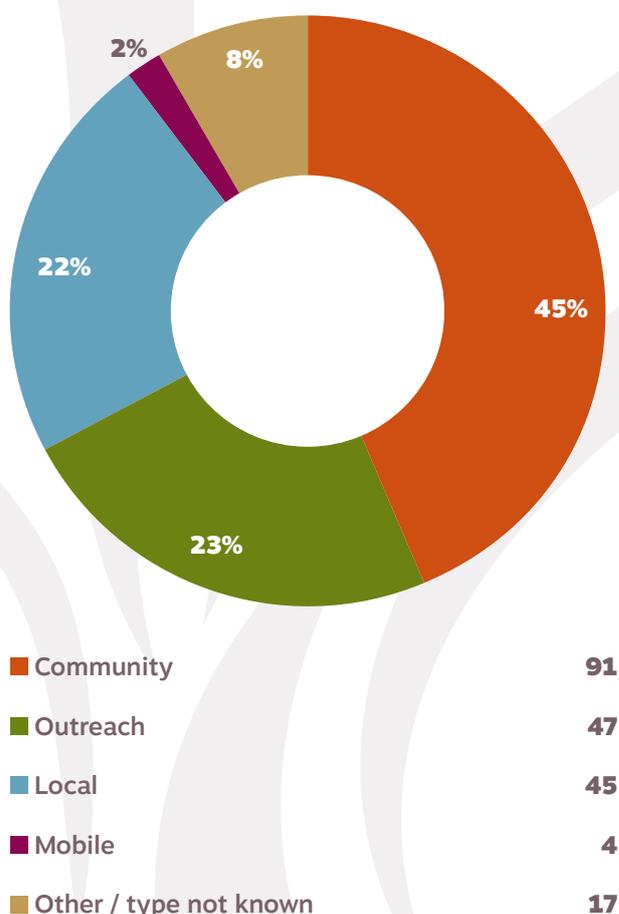
in the summer of 2021, some shops in tourist hotspots experienced a huge rebound in café trading (one focus group participant described demand as “overwhelming”). This was of course in part dependent on nearby tourist accommodation re-opening, which happened at differing dates across the UK.

### 4.5 Post Office services

According to Plunkett records, 204 community shops run or host a post office (52% of all community shops). Figure 4.5 shows a breakdown of Post Office models, with a Community Post Office (i.e. legacy agreement) being the most common. 54% of new shops opening in 2020 (7 of 13) run or host a post office.

This year Plunkett ran a focus group for community businesses operating post offices, to understand the benefits and challenges of providing this service. Building on our research

**FIGURE 4.4**  
**COMMUNITY SHOPS: POST OFFICE MODELS**



Source: Plunkett Foundation from 204 available records

last year, we received confirmation from attendees that post office services were considered a vital community asset, even when these did not noticeably contribute to profitability. Although it has been suggested that having a post office might increase customer footfall to the shop, attending shops had mixed opinions about whether this actually translated into increased sales. In some cases, shops even subsidise post office activities with revenue from the shop.

The main challenges beyond covering the costs of running the services are:

- Training part-time staff and volunteers on a wide range of services
- Insufficient space for parcels or a second counter
- The technologies are difficult to use and prone to errors
- The frequency of outreach or mobile services is limited and not always reliable.

To improve on these challenges, participants suggested enhancing technical support (e.g. through a live online chat), and having the option to select some services in the Post Office Local model based on local need.

However, almost all participants agreed it is worthwhile to continue their post office, because of the valuable services it provides to the community – such as access to cash, banking, and parcel services. Having a post office can also support the local economy, acting as a banking service for small businesses and reducing the need to travel long distances to deposit cash at a bank branch. In the context of increased bank branch closures during the pandemic, and an increase in using parcel services, having a local post office has come to be seen as more valuable than ever.

## 4.6 Use of EPOS

A key tool to aid financial and stock management is an EPOS (Electronic Point of Sale) system, which can assist with:

- tracking sales and turnover figures, and trends in sales
- monitoring stock levels to help avoid holding excess stock, thus tying up too much capital
- recording wastage in detail.

78% of responding shops have an EPOS system, the majority of whom (90%) use it to review and

manage their financial performance and monitor stock levels. This is broadly consistent with previous years.

During COVID-19, some shops took advantage of their EPOS capabilities to set up accounts and store cards which, combined with email or telephone ordering, meant that customers could shop easily and without physical contact, settling their shop bills at the end of the month. Having to rapidly train new volunteers to use EPOS during lockdown showed the necessity for easy-to-use systems for community shops.

### INSIGHT: DRYSLWYN COMMUNITY SHOP AND POST OFFICE



Simon Fraser is a long-serving volunteer of the Dryslwyn Community Shop & Post Office in Carmarthenshire, Wales. He is a mainstay of the Post Office and is known by the rest of the volunteer committee as “Our enormously valued Mr Fixit”. He is also on the delivery team helping customers who were self-isolating during the pandemic and is one of the shop’s volunteer Directors too.

“My volunteering at Dryslwyn is led by my strong belief in community. I love having the opportunity of meeting and helping our local community. It’s important to me that we offer daily essentials and that includes fellowship, assistance, sympathy and concern. We’re a common location for common good.”

Dryslwyn Shop is entirely run by volunteers and is a lifeline to many villagers. Its commitment to serving its community, particularly during the pandemic, was celebrated with the recent Queen’s Award for Voluntary Service – the highest accolade achievable by a voluntary group.

# 5

## People



▲ Volunteers painting a cabin to be used as the St Dominick Community Shop in Cornwall

### 5.1 Management model

The majority of community shops are managed directly by the community through a management committee elected by the members, with a very small percentage managed by a private tenant – in the 2021 survey only one of the responses came from a tenanted shop. As well as overseeing the business’s strategic direction and financial performance, the management committee also recruits staff or volunteers, or a combination of the two, to handle the day to day running of the shop.

From 368 available Plunkett records:

- 329 (89%) are managed by paid staff, with volunteer support
- 19 (5%) are managed by a tenant
- 17 (5%) are managed by volunteers, without paid staff
- 3 (1%) are managed by paid staff, without volunteer support.

### 5.2 Employed staff

The popularity of employing at least one member of staff is most likely due to the continuity it gives to shop administration and ordering, and also because the complexity of the workload can appear challenging to run via volunteers alone.

The 2021 Plunkett Foundation survey response shows 60+ full time employees and approximately 350+ part time employees giving a full-time equivalent (FTE) employment figure of approximately 160+ from the 111 responding shops employing staff.

Although crude, assuming that some 5% of community shops are run solely by volunteers and that those employing staff are broadly consistent with the survey sample, this suggests that community shops are employing 180+ full time staff and 1000+ part time staff (on a cautious estimate) which amounts to some 400-425 full-time equivalents.

This is an increase on last year which is unsurprising and is largely explainable by the fact that the sector is growing, we have better data, and we have identified more community shops open prior to 2020.

Whatever the caveats, these findings remain impressive, given that most community shops operate in small rural places and are a significant source of employment – and that is before taking into account any impact from sourcing and selling locally sourced products, which will also have a positive impact on the local economy and available employment.

We did not repeat previous years' analysis of the provision of work and volunteering experience for young people but have no reason to doubt that this was sustained. On average, each community shop benefits an estimated average of 3-4 young people through employment, work placements or volunteering experience.<sup>2</sup> COVID-19 may even have enhanced the engagement of young people, for example through volunteering (see section 5.4), even if formal schemes were disrupted by the pandemic.

27 responding shops employed new staff during 2020. A small number did this for reasons not related to the pandemic, but most did this to meet increased demand or to backfill volunteer numbers dropping, e.g. due to shielding. Typically shops took on one or two part time or full-time staff with a small number taking on more part time employees.

### 5.3 Volunteers

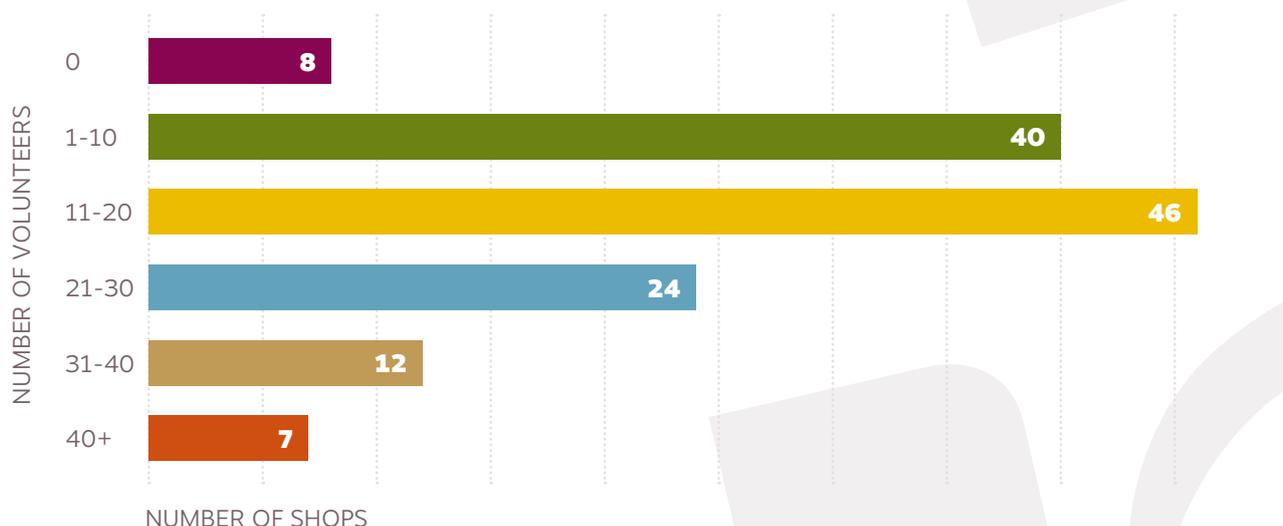
Volunteers are a key strength of the community shop sector, boosting the shops' viability by lending their skills, keeping costs down and spreading the workload to manageable levels, enabling the businesses to focus on growth and development. They also add to the friendly and community-focused nature of the shop environment. This research does not quantify the value of volunteer input, but if translated into an equivalent staff cost even at the minimum wage, it would render many community shops unviable. Based on 368 available Plunkett records, 95% of community shops are supported by volunteers, of which 5% are solely run by volunteers.

On a rough projection from 137 survey respondents (of which 129 rely at least to some degree on volunteers) for the full population of community shops (adjusted down proportionally for those not engaging volunteers) this suggests a figure of 7000–7500 volunteers. For the majority of shops using volunteers, this represents an average of 20-25 volunteers per shop – an impressive figure.

Reassuringly, this is broadly comparable to last year's figures, but as community shops continue to grow as a sector, the calculation suggests a modest increase in the numbers.

In the 2021 survey, only 6% of shops surveyed had no volunteers, while 81% reported volunteer numbers of between 1 and 30. A detailed breakdown is available in Figure 5.1.

**FIGURE 5.1**  
**VOLUNTEERS WORKING IN SHOP/CAFÉ PER WEEK**



Source: 2021 Plunkett Foundation Community Shops survey from 137 responses

<sup>2</sup> Based on a sample of 102 community shops in a 2020 Plunkett survey

In addition to 'front-line' volunteers, a large majority of the shops surveyed reported they had several volunteers working behind the scenes (this could be assistance with marketing, accounting, driving to cash-and-carry, home deliveries, merchandising, maintenance etc.). With figures matching previous years' findings, the majority (74%) had 1 to 10 'back-room' volunteers, while 9% had more than 10.

Community shops also rely on volunteers at committee/board level. The management committees, which generally have between 5 and 10 members, are responsible for strategic direction, financial oversight, fulfilling fiduciary duties, staff employment, coordinating volunteers and troubleshooting, as well as carrying out their obligations to their members/shareholders, such as newsletters, annual reports and meetings.

## 5.4 COVID-19 effects on staff and volunteers

107 (78%) community shops that responded to the survey stated that they had recruited new volunteers in 2020. Whilst under normal circumstances there is a typical pattern whereby some volunteers cease to engage with the shop and others are recruited, the higher numbers involved in 2020 for a significant proportion of shops appear to be above the normal annual pattern. This increase was due to people on furlough or young people unable to attend school, college or work volunteering to cover older or more vulnerable volunteers that were shielding or were not as confident in working during the pandemic.

The table below illustrates the numbers involved:

Number of new volunteers joining in 2020	Number of shops in band
1 - 5	47
6 - 10	29
11 - 20	16
20 - 40	8
40+	5
No response / not applicable	32



New volunteers worked on a wide range of tasks, although a significant number were specifically tasked with the introduction of ordering and delivery services, and packing food parcels for people who were self-isolating. Sourcing of goods and suppliers was an important volunteer task and some shops reported permanently improved stock ranges due to this massive effort.

As the lockdown eased, so those new volunteers started to leave to return to their normal lives, and the regular volunteers, some of whom had clamoured to come back, started arriving when they felt safe to do so.

Despite the majority of community shops being able to replace existing or recruit new volunteers, from the focus group discussions it was evident that there are once again issues with volunteer recruitment and retention as life begins to return to normal in 2021 (see also section 8). The fact the overall figures of volunteers (as shown in Figure 5.1) did not change substantially in 2020 compared to previous years is evidence of this.



▲ **A new volunteer at Barkers of Huby in North Yorkshire**

Attendees of the focus groups expanded on ways of dealing with this, e.g. offering flexible shift rotas and adjusting opening hours being two such examples of action taken. Some shops commented that with the return of in-person community events, engaging committed volunteers might become easier than it was when done solely through social media.

Additionally, due to the extra burdens and responsibilities experienced during the pandemic, volunteers, committee members and paid staff were put under greater physical and mental strain. They coordinated and carried out new crisis-response services, adapted existing activities to be carried out remotely, and generally looked out for members of their community.

Volunteer fatigue may be a contributing factor to concerns around retaining volunteers, particularly as management committee members. When

asked to estimate how many additional hours were worked by management committee members during the pandemic, survey respondents understandably found it extremely difficult to quantify this. Of the 137 responding shops, 126 estimated the number of weekly hours put in by all committee members, with wide variations, but a crude average would be 23 hours per week. Only 78 shops provided an estimate of the number of additional hours worked, which (albeit with wide variations) came to a rough average of 31 additional hours per week. Based on this, we may crudely estimate that management committee members worked 134% more hours during the COVID-19 crisis.

28 (20%) of shops recorded that they had furloughed staff during the COVID-19 outbreak, and the balance 109 (80%) did not. No responding shops found the furlough scheme challenging.

# 6

## Impact

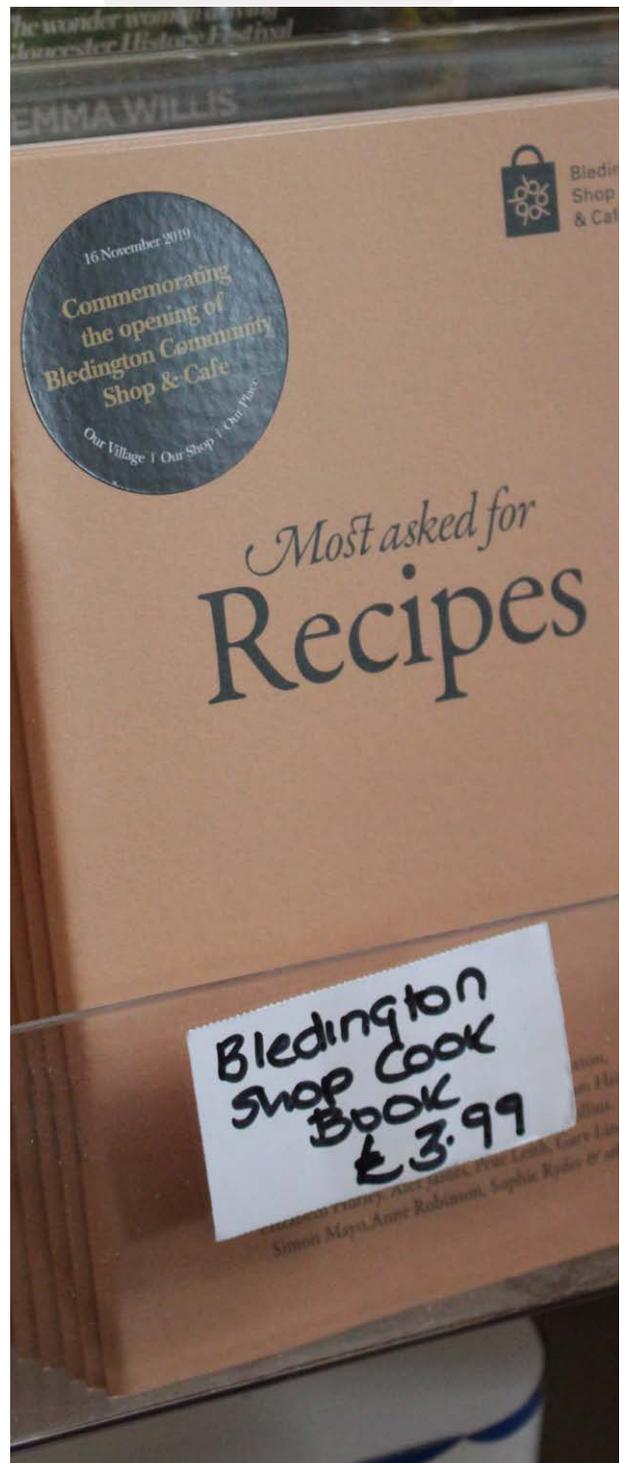
Community businesses, as locally rooted and accountable enterprises, are able to adapt quickly to the changing needs of their communities. In rural areas, they may be the last remaining community asset offering vital services and a space for local people to come together. In their response to the COVID-19 crisis, community businesses have been critical in contributing to the resilience of their local community. Beyond the pandemic, community businesses offer a way of building a fairer economy centred on people, the environment and local benefit.

### 6.1 Community cohesion and wellbeing

The presence of a community shop can lead to increased local engagement and participation, encouraging mutual support and care within the community.

Community shops significantly reduce isolation and poor mental health by providing opportunities for involvement, such as through volunteering or social activities. Even having a regular chat with someone at the till can make all the difference to someone's mental wellbeing. For some, the shop is their only social point of contact. Research published by the Association of Convenience Stores suggests that 39% of customers know the people running their local shop quite well or very well. Even the 36% of customers who did not know them well would still occasionally have a conversation with them.<sup>3</sup> It is likely that these figures will be even higher at community shops, as they are socially inclusive and locally rooted businesses.

When we consider that ONS (Office of National Statistics) figures show that from October 2020 to February 2021, around 7.2% of the adult population (3.7 million people) were 'often' or 'always' lonely,<sup>4</sup> community shops have an important role to play. This is the case particularly in rural areas, where



<sup>3</sup> *The Local Shop Report 2021*, Association of Convenience Stores, September 2021. <https://www.acs.org.uk/research/local-shop-report/>

<sup>4</sup> *Opinions and Lifestyle Survey* by the Office for National Statistics, published April 2021. <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/mappinglonelinessduringthecoronaviruspandemic/2021-04-07>

a shop may be the last remaining business or community space in the village and also for many surrounding areas too.

Volunteering has benefits for a diverse range of people. It can offer people from all ages and backgrounds an opportunity for young people to develop a sense of purpose and improved confidence. Volunteering is also a route into community involvement for newcomers and those who have suffered bereavement, illness or redundancy, or need to find a way to interact with others.

During the pandemic, community shops acted as a conduit for collective action. Volunteers (and staff) are generally local, so they are immediately aware of anyone in the community needing support. This has proved invaluable during the COVID-19 crisis.

Research by OCSI (Oxford Consultants for Social Inclusion) commissioned by the Local Trust suggests that 'a lack of places to meet' is a contributing factor to communities becoming 'left-behind', and compounds issues such as 'the absence of an engaged and active community' and 'poor connectivity to the wider economy – physical and digital'. The presence of community assets can 'make a significant difference to social and economic outcomes for deprived

communities. Deprived areas which lack these assets have higher rates of unemployment, ill health and child poverty than other deprived areas. And they appear to be falling further behind them.<sup>5</sup> Social infrastructure, like community shops, cafés and pubs, can make an enormous contribution to a community's resilience in the face of a crisis.

## 6.2 Boosting the local economy

Community shops are a resilient form of business that can help regenerate the local economy by:

- Stocking products and using services from local suppliers
- Improving access to other local services
- Creating local employment opportunities
- Raising money for local charities either through fundraising or surplus profits
- Encouraging collective investment via community shares in the local economy.

There are multiple examples of communities adding to their community business "portfolio" by tackling another local need or opportunity – after discovering they can set up and run their shops, several



<sup>5</sup> *Left behind? Understanding communities on the edge*, Local Trust, August 2019. [https://localtrust.org.uk/wp-content/uploads/2019/08/local\\_trust\\_ocsi\\_left\\_behind\\_research\\_august\\_2019.pdf](https://localtrust.org.uk/wp-content/uploads/2019/08/local_trust_ocsi_left_behind_research_august_2019.pdf)

communities have been inspired into collective action to save their pubs or other critical assets. On Plunkett's records there are 16 rural settlements that have more than one community business.

### 6.3 Provision of critical products and services

In measuring impacts Plunkett has found that, almost without exception, wherever there is a community business, there has been increased provision of necessary products and services. These include:

- Affordable essential items such as fresh fruit and vegetables, household items, fuel, and stamps
- A place to meet and specific support for young people, families, older people, low income households, people with disabilities or long-term health conditions
- Key services such as cash withdrawal, post office, deliveries, bill and utilities payment, food and household supplies, defibrillator, laundrette, prescription pick-up and delivery, access to health services or pop-up clinics
- A community café, garden, or meeting space for local clubs and societies.

All of these services can contribute to a better quality of life and improved wellbeing. Often, the

community shop provides these services in the absence of any other nearby business offering them. 42% of community shops responding to the survey said that their nearest general store or supermarket was more than 5 miles away.

Even during successive lockdowns, many community shops remained opened where possible, or operated using order and collect where the premises was too small, in order to continue serving their community. Participants at the focus groups commented that their local residents often felt safer shopping at their local shop, because they felt reassured that the business was doing all it could to ensure customers' safety.

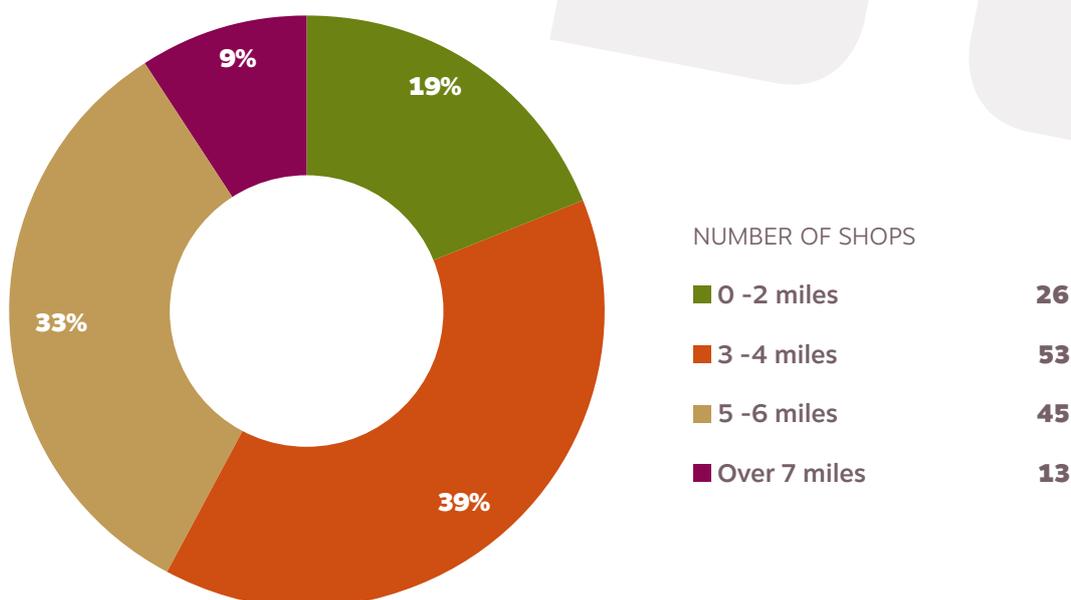
### 6.4 Employment and preparation for work

Community shops have an excellent record in creating rural employment opportunities and offering training opportunities to staff and volunteers. With cautious estimates being extrapolated from the latest survey data, the 392 shops offer:

- 400-425 full-time equivalent roles
- Around 7,500 volunteering positions.

These are impressive statistics as they are driven by community-based businesses rather than through government employability programmes.

**FIGURE 6.1**  
**COMMUNITY SHOPS: DISTANCE FROM NEAREST GENERAL STORE OR SUPERMARKET**



Source: 2021 Plunkett Foundation community shops survey from 137 responses

## 6.5 Environmental impacts

As responsible, collectively-owned businesses accountable to their local communities, community shops share their customers' commitment to tackling the climate. Community shops can have positive impacts on the environment in a number of ways:

- Sourcing products locally where possible, reducing their carbon footprint
- Using renewable energy suppliers or installing solar panels or other forms of sustainable energy generation such as heat pumps
- Operating a refill scheme for cleaning detergents and store cupboard goods like dried fruit, pasta and rice
- Hosting repair cafés, to prevent items going to landfill
- Encouraging active travel by installing bike racks
- Setting up a garden, where volunteers can grow food for the community, local people can enjoy the green space, and flowers and insects can thrive
- Providing key services locally, reducing the need to travel
- Selling ethically sourced, organic and environmentally friendly products and food without plastic packaging
- Acting as a volunteer hub for litter pickers, conservation work, or community food growing and composting.



▲ Cwmni Cymunedol Cletwr in Powys installed the first rapid electric vehicle charger in Mid-Wales in September 2018

As the pandemic has shown, national supply chains are not entirely reliable, and there has been a growing awareness of the environmental impact of food miles. Community businesses have enormous potential for re-localising the supply chain and contributing to a greener economy that also benefits local people.

### INSIGHT: THE COMMUNITY CARROT

Over 500 members of Dunbar's community bought out the Crunchy Carrot, a high street grocers, to save it from closure. In just over 4 weeks the community share offer raised £62,000 and when added to a substantial grant from the Scottish Land Fund the group was able to purchase the building and fund a development officer.

Now renamed the Community Carrot, the shop has a strong ethical and environmentally-friendly focus, sourcing local where possible and committed to supporting its community's charitable and social programmes. It runs as a community hub, a refillery, is a local employer,

purchases local produce, provides cooking tips and a recipe exchange, luxury treats and the simple basics of a weekly shop.

It supports local programmes including the Plenty Project, Sunny Soups, Dunbar Basics Bank (food bank), the Backlands Community Garden, KidsFoodJourney and Dunbar Grammar School's Dementia-Friendly Dinner.

"When the pandemic hit we couldn't run face-to-face cooking classes any more. So we provided affordable and nourishing Crunchy Cook bags to support people in building their kitchen confidence and expand the range of meals they can rustle up."

## 7

# Financial performance



## 7.1 Profitability

In order to understand the impact of the pandemic on the profitability and turnover of community shops, we gathered two sample sets of AR30 returns and Companies House returns (AR30 returns are required by the Financial Conduct Authority from Community Benefit Societies and Co-operative Societies). The first sample of 195 was taken from returns published in financial years 2018, 2019 or up to 31st March 2020. The second, much smaller sample of 20 records was taken from returns published on or after 30th September 2020 (i.e. at least 6 months after the onset of the COVID-19 crisis). Although too small to provide definitive evidence of the impact on profitability and turnover, this sample combined with survey responses from community shops gives us an initial estimation of the impact of the pandemic on turnover and profitability. We will be able to undertake a fuller analysis in 2022 once more annual returns have been published.

Profitability is assessed before accounting for depreciation and excludes sources of funding such as donations or grants, to show underlying profitability from the shop and any café and/or post office services for comparability purposes.

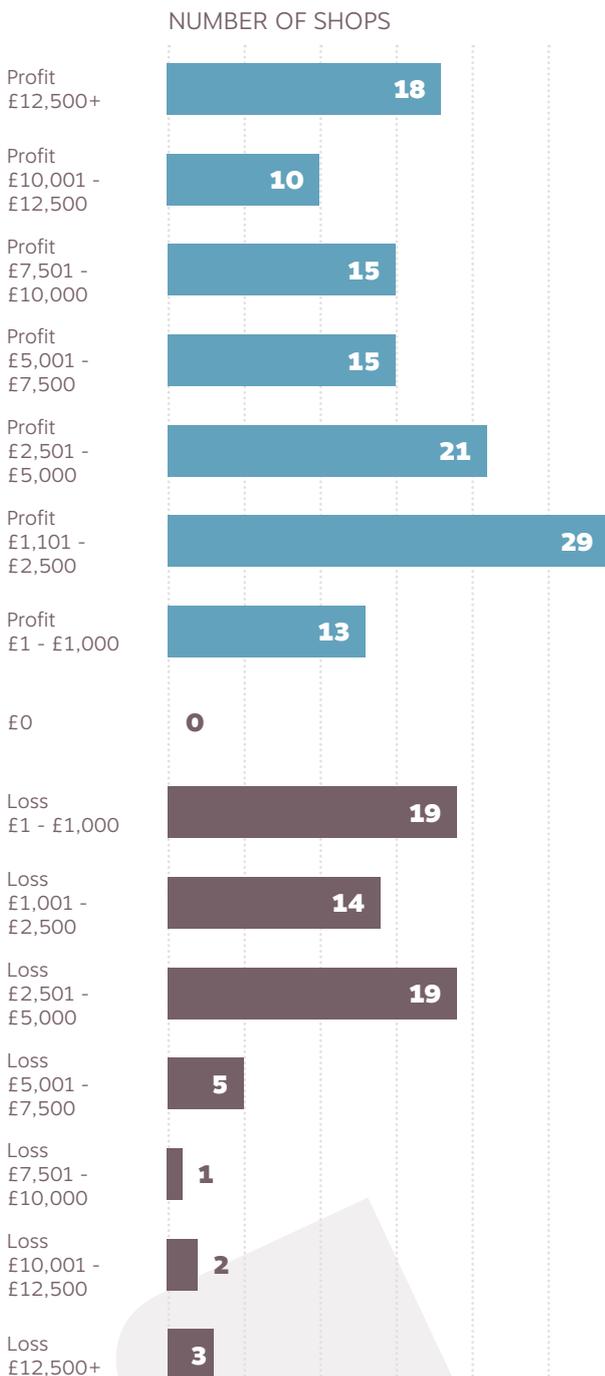
Prior to 31st March 2020, the majority of shops were making either modest profits or modest losses (between £1 to £5,000 profit or loss). The results show a modestly higher percentage of shops showing a profit over all (+3% compared to 2019), and fewer shops showing losses of £5,000+ (down from 13% in 2019 to 7% in 2020).

- 66% of community shops (where data is available) made a profit in the year recorded
- Approximately 50% of these made a profit of between £1,000 and £10,000
- 34% made a loss, with these losses mostly ranging between £1 and £5,000 in the given year (i.e., relatively modest if short term or where the shop has other sources of income).

Many shops have other sources of income or rely on grants, donations or other means of external funding, so many of those showing losses will compensate by these means.

There is no consistent correlation between community shop turnover and profitability: for example, shops achieving a profit of £12,500+ have turnovers ranging from £100,000 to £500,000+.

**FIGURE 7.1**  
**COMMUNITY SHOPS: PROFITS/LOSSES**  
**(PRE-PANDEMIC)**



Source: FCA 2018, 2019 or 2020 to 31st March 2020 AR30 returns / Company House Records or 2020 Plunkett Survey from 184 records

Shops showing particularly high levels of profitability often have particular circumstances:

Shops showing particularly high levels of profitability often have particular circumstances:

- Some rely wholly or mainly on volunteers with limited or no paid staff
- Some have high depreciation charges that are excluded for comparability purposes in the chart because these charges are highly variable and therefore not comparable
- Some have diversified to add additional services or activities to suit their customer base.

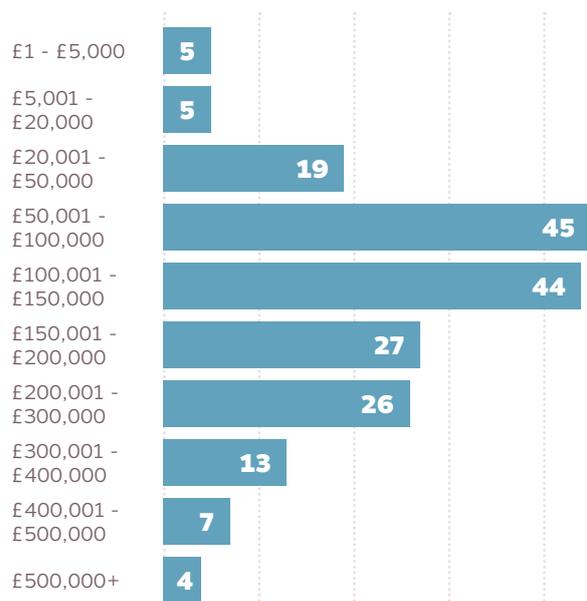
## 7.2 Turnover

Community shops are a durable form of business and sustain themselves through:

- Tailoring goods and services to local needs
- Time contributed by volunteers
- Diversification in sourcing revenue
- Active fundraising.

Turnover figures in this study include core shop, café, post office services and related activities. However, other sources of significant revenue including grants, donations and other contributions are excluded.

**FIGURE 7.2**  
**COMMUNITY SHOPS: TURNOVER**  
**(PRE-PANDEMIC)**



Source: 2018, 2019 or 2020 to 31st March FCA AR30 and Company House returns: sample from 195 records taken from the most recent year for which data is available



▶ **Whitley Stores  
Community Shop,  
Wiltshire**

From the sample of 195 annual returns from the FCA and Companies House filed in 2018, 2019, or before 31st March 2020, the largest proportion of community shops, (60%), had an annual turnover in the range £50,001- £200,000. 14% had a turnover of under £50,000 and, at the upper end, 20% of shops had a turnover of between £200,001 and £400,000. Just 6% had a turnover exceeding £400,000.

Total annual turnover for this sample of 195 (with data drawn from the most recent year that data was available) was approximately £30.4m giving an approximate average turnover for the years sampled of £156,000 per shop. Although cautious, if this average is applied to the full contingent of 392 shops, then annual turnover for this sector equates to approximately £61m p.a.

### 7.3 Impact of the pandemic on profitability and turnover

In our 2021 survey of 137 community shops, 84% of community shops said that they experienced significant or some increase in trade. Of these 115 shops, 100% were able to wholly or partially meet the increase in demand (87% and 13% respectively).

For those shops that experienced a decrease in trade (15%), this was largely due to needing to close the shop premises temporarily at the onset of the COVID-19 crisis or having to reduce shop opening hours due to concerns about safety in the shop and volunteers and staff needing to shield.

However, it is worth noting that although 70% (96) of survey respondents reported decreasing their opening hours, the majority saw an increase in trade (26% reported no change in hours, and only 4% reported an increase in hours). These survey responses will of course need to be corroborated once more financial data becomes available, but they offer a positive indication of the resilience of the community shops during a challenging period.

What was behind this increase in trade for many community shops? Of the 115 survey respondents answering this question, 107 thought it was thanks to existing customers using the shop more, and 101 thought that it was new customers (respondents could select more than one answer). This is not a surprising result when considering the “Stay at Home” advice issued by the Government, which directly encouraged people to remain in their community where possible. With more people working from home, community shops had a larger potential customer base to serve.

### FIGURE 7.3 COMMUNITY SHOPS: IMPACT ON TRADE

NUMBER OF SHOPS

Significant increase in trade

76

Some increase in trade

39

No difference in trade

1

Some decrease in trade

13

Significant decrease in trade

7

No response

1

Source: 2021 Plunkett Foundation Community Shops survey from 137 responses

Will the increase in trade be a long-term trend? This will only become clearer once more financial data is available. The 125 responses to this question in the 2021 survey were mixed: 26% (32) thought it would be a long-term trend, 29% (36) thought it would be short-term, and 46% (57) were not sure. At the focus groups, those shops most confident in sustaining an increase in trade expected to see (or indeed were already experiencing in June 2021) a boost in trade from domestic tourism. Others had recruited new supporters of the business locally, not only as customers but also as volunteers. Undoubtedly, retaining these customers will still remain a challenge.

For those rural community shops who were less confident, there was a concern that although people had seen the value of a local shop when travel was restricted, with the easing of restrictions people were returning to their former shopping habits (i.e. weekly trips into town and/or the supermarket).

Currently available financial records are limited, but they can give us some preliminary insights. From the small sample of AR30 and Companies House returns drawn from on or after 30th September 2020:

- Of 20 shops with data available, 70% (14) increased turnover compared to the preceding financial year and 30% experienced a reduction

- Of 18 shops with data available, 61% showed either a reduced profit or increased loss compared to the preceding financial year, and 39% improved profitability.

As above, there is no direct correlation between turnover and profitability. We cannot draw definitive conclusions from this small sample, however we know that:

- Some community shops benefitted from customers feeling safer in using community stores than larger retail outlets. There was also greater interest in shopping locally
- Some shops incurred additional expenses in implementing safety measures or setting up and running new or extended services, and this included recruiting additional staff
- Some shops recruited staff as a substitute for reductions in volunteers
- Some shops would usually have benefitted from additional custom from visitors / tourists etc.
- Some shops will have lost revenue from cafés.

All of these factors will have impacted differentially on shops.

## 7.4 Rents, loans and mortgage overheads

Those shops that own the land and building outright without mortgages or other loans or rents are generally the most secure given that they have an asset that is unencumbered and, under normal circumstances, valuable.

Approximately half of community shops rent their premises (based on Plunkett Foundation records). 33% of shops responding to the survey pay a peppercorn or other less than market rent for their shop, or do not pay a rent at all.

There are substantial variations in both the nature and the security offered by the tenancy agreement, and in the length of tenure. Of the 48 shops in the 2021 survey that reported their length of tenure, a surprising 44% had less than five years left on their agreement, and 23% (11 shops) had either an annual or no formal agreement, potentially a destabilising lack of security of tenure. The variation in monthly rents is substantial, with the largest proportion of those renting paying no more than £200 per month (including peppercorn rents and rent free arrangements), rising to market rents up to and exceeding £800 per month.

Many community shops have business models that build in (and rely on) modest or no borrowing to sustain profitability. Based on survey findings (a sample of 35% of all trading community shops), community shops as a sector show an overall low level of indebtedness:

- 81% of the survey sample have no outstanding mortgages or loans
- A further 9% have outstanding mortgages or loans up to £40,000 (mostly significantly less than £40,000)
- A further 10% report having outstanding mortgages or loans in excess of £40,000.

Little or no indebtedness is a useful indicator of business resilience or potential resilience, but significant outstanding mortgages or loans are not automatically a sign that the business is at risk if the underlying financial performance is able to comfortably afford the overhead.

## 7.5 Ongoing fundraising

The majority of responding shops did not need to seek donations, grants or other funding in 2019 to support profitability (66%), or for maintenance e.g. to replace equipment (65%). This is a higher proportion than last year and suggests the shops are managing to cover their costs despite modest net profits.

## 7.6 Financial support

68 (50%) of responding shops accessed grants or took advantage of loans or other financial support in 2020 with sources as set out in the following chart. This was a combination of:

- Grant schemes mainly introduced for COVID-19; and
- Other COVID-19 specific financial support.

Additionally, 1 shop operated through a tenant, granted their tenant a rent holiday in 2020.

**FIGURE 7.4**  
**COMMUNITY SHOPS: ACCESSING GRANTS AND COVID-19 SUPPORT**

NUMBER OF SHOPS



Source: 2021 Plunkett Foundation community shops survey from 137 responses

**Note:** some community shops recorded accessing more than one form of support

## 7.7 Use of profits

The 2021 survey shows a significant shift in shop profitability, with the number of shops showing no profits having decreased from 29% (30) in 2020 to 18% (24) in the 2021 survey. There were also changes in the reported use of profits compared to the 2020 survey. Below are our observations based on the 111 shops that reported a profit in the 2021 survey:

- An increase in the proportion of shops reinvesting in the business: 85% (94) compared to 72% (52) in 2020
- A slightly lower proportion of shops contributing to reserves in 2021: 52% (58) compared to 63% (45) in the 2020 survey
- A lower proportion of community shops contributing to charities and / or other community projects in 2021: 32% (35) compared with 40% (29) in 2020.

Of the 35 shops donating their profits:

- 16 (12% of all respondents) contributed to charities. This proportion is the same as in 2020, when 12 shops responding to the survey (12% of all respondents) recorded donating profits to charities
- 28 (20% of all respondents) contributed to other local projects compared to 17 (17% of all respondents) recorded in the 2020 survey

**Note:** survey respondents may use profits for more than one purpose.

**FIGURE 7.5**  
**USE OF PROFITS**

No profits

24

Reinvest in the business

94

Contribute to reserves

58

Donated to charity and/or community projects

35

Source: 2021 Plunkett Foundation community shop survey from 137 responses

**Note:** respondents could select more than one use of profits

### INSIGHT: SEMLEY VILLAGE STORES

Since Semley Village Stores in Wiltshire opened in 2012 the community shop, run by a day-to-day manager and a wide variety of volunteers, has gone from strength to strength.

Pene Cairns, Chair, said: “We’ve got much better at what we do, becoming more efficient, better trained and more experienced. At the start of the first COVID-19 lockdown it became incredibly busy at the same time as we lost lots of volunteers to self-isolation, but the shop was able to adapt and expand, offering a greater variety of products for those who couldn’t go to the supermarket.”

The shop reduced its hours, took on a paid assistant manager, expanded its range of fruit and vegetables and managed to stock loo rolls, pasta, flour and yeast when others could not. The shop was also able to serve people shielding with online ordering and deliveries.

Local people responded generously and the shop’s turnover trebled in April and May 2020. As the restrictions eased – turnover was still double previous years and, for the first time since its inception, the Shop has been able to repay the Community. So far £18,000 of the shop’s surplus has been used to benefit local community projects, including installing a new library and fences at Semley’s primary school, supporting the village hall’s refurbishment and audio visual needs, and adding money to St Leonard’s Church maintenance fund.

Alexander Allfrey, Finance Director and committee member, Semley Village Stores, said: “When the shop first opened this is what we’d always hoped to be able to do. Providing money for village projects is a wonderful way to say thank you to all our customers and volunteers and I hope that everyone enjoys this reward for all of our efforts.”



## 8

# Sector confidence and concerns

When asking surveyed community shops about their confidence in the future, we split questions between concerns around what had been the main COVID-19 related concerns over the previous 12 months (which may still be ongoing), and future concerns and priorities for the next 12 months (which may or may not be a consequence of COVID-19 impacts). This was to assess whether there are underlying, ongoing concerns that may pre-date the impact of COVID-19, or may have been simply exacerbated by it.

## 8.1 Main concerns related to the pandemic

From the survey responses, there were three top priorities relating to COVID-19 for responding community shops:

- Maintaining social distancing in the shop (76%)
- Sustaining services to the community during the pandemic (74%)
- Sustaining / replacing volunteers (83%)

Focus group discussions revealed that for some community shops, these remain a priority, along with other concerns such as disruptions to supply from wholesalers. Some participants reported that this had been an ongoing issue before the pandemic, and has been exacerbated in recent months due to the shortage of LGV drivers.

Despite the gradual easing of restrictions for retail across the UK during the spring and summer of 2021, many community shops still continue to operate social distancing and face mask policies, to ensure the safety of customers, volunteers and staff. Concerns about social distancing will be related to the fact that many community shops operate within a small premises. Some focus group participants also expressed concerns that they would meet with resistance to their continuation of COVID-19 safety measures – not necessarily from within their community, but from customers travelling from outside the area, particularly in areas with high volumes of tourism.

**FIGURE 8.1**  
**CONCERNS RELATED TO COVID-19**

NUMBER OF SHOPS



Source: 2021 Plunkett Foundation community shops survey from 137 responses

### ▶ The finished St Dominick Community Shop, Cornwall, which opened in November 2020



Concerns around sustaining services, and recruiting volunteers to carry them out, go hand in hand. Services such as deliveries can be time- and labour-intensive. Although many community shops managed to recruit new volunteers to replace self-isolating or shielding volunteers, retaining these volunteers after many returned to work or study was extremely challenging. As we will see below, volunteer recruitment and retention has often been the top concern or priority for community shops even prior to the pandemic.

## 8.2 Longer-term priorities

In the 2021 survey, COVID-19 clearly continued to be at the forefront of respondents' minds, but the overall pattern of long-term concerns for the next 12 months appears to reflect those existing prior to the pandemic. The top concern remains sustaining and increasing volunteer commitment (61% of responding shops). Related to this, 36% of responding shops were concerned about sustaining an effective management committee. Again, this is broadly consistent with previous years, but some participants at the focus group mentioned that volunteer fatigue from the extra strain during the pandemic could impact retention of committee members.

The 19 shops that were concerned about staff retention make up 18% of all responding shops that employ paid staff. Just under half of these shops concerned about staff retention operate cafés (9), so this may be in part due to the wider shortage of employees in the hospitality sector. 1 in 4 responding community shops who had paid staff and a café were concerned about staff retention.

Compared to previous years, proportionally fewer respondents were concerned about sustaining and improving turnover or profitability, although it remains a top priority (49% of responding shops). This priority is of particular importance to those shops who saw an increase in trade during the early stages of the COVID-19 outbreak.

We also asked whether shops had experienced any identifiable impacts from Brexit. Most responding shops did not identify any significant impact (62%, 85 respondents) although some identified some negative impacts (30%, 41 respondents), e.g. relating to supply.

**FIGURE 8.2**  
**COMMUNITY SHOPS: CONCERNS OVER THE NEXT 12 MONTHS**

NUMBER OF SHOPS



Source: 2021 Plunkett Foundation survey from 137 responses



▲ Baked produce on offer at the Itteringham Community Shop

### 8.3 Confidence

Overall, the sector appears to be encouragingly positive about the future (93%), with only 3% less so. This reflects other findings from our research, including analysis of annual returns and accounts. Levels of confidence have remained high since our last survey in April 2020 (when the number of respondents who were confident or very confident was also 93%). This suggests that despite the significant challenges that they faced over the past year, community shops have adapted well to the crisis thanks to the efforts of their volunteers, management committees, staff and customers.

If anything, community shops seem to be more confident than they were prior to the pandemic, with a lower proportion of 86% of 107 respondents in 2019 saying that they were confident or very confident about the future. This may be in part due to an increased sense of the perceived value of community shops, and the boost in trade. Although it remains to be seen whether these trends continue, it is evident that community shops' confidence is well founded, and they deserve to celebrate their successes and achievements over the past year.

**FIGURE 8.3**  
**CONFIDENCE OVER THE NEXT 12 MONTHS**

NUMBER OF SHOPS

Very confident about the next 12 months



Confident about the next 12 months



Concerned about the next 12 months



Very concerned



Source: 2021 Plunkett Foundation survey from 137 responses



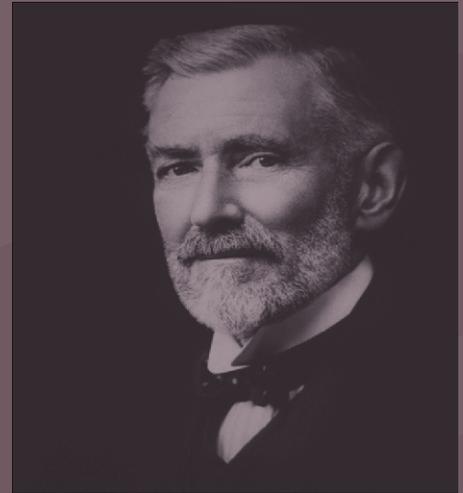
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## About Plunkett Foundation

The Plunkett Foundation helps rural communities UK-wide to tackle the issues they face by promoting and supporting community business. Community businesses are enterprises that are owned and run democratically by members of the community and others, on behalf of the community. They come in many forms – including shops, pubs, woodlands and anything which lends itself to community ownership.

In addition to developing and safeguarding valuable assets and services, community businesses address a range of issues including isolation, loneliness, wellbeing, work and training. For over 100 years we have provided practical support to help communities establish and run these businesses successfully.



If you share our vision for a vibrant rural economy with community businesses at its heart, why not join Plunkett as a member?

[www.plunkett.co.uk/become-a-member/](http://www.plunkett.co.uk/become-a-member/)

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