

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1595

Title: Social Supermarkets

Executive Summary:

In May 2015, the Mayor announced £300,000 of funding to establish at least two new social supermarkets in London that reduce food waste and sell stock at low prices to local people on low incomes and struggling with food poverty.

In October 2015 and following a competitive process, IPB endorsed this expenditure to contribute to the fit-out costs associated with setting up three new social supermarkets in the London Boroughs of Haringey, Enfield and Lambeth, and this is now put forward for mayoral decision.

Decision:

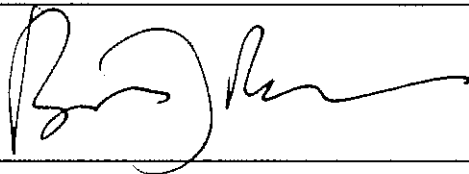
That the Mayor approves capital expenditure of £300,000 for three grant awards of £100,000 each to the London boroughs of Haringey, Enfield and Lambeth to contribute to funding three new social supermarkets.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

17.3.2016

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 In May 2015, the Mayor announced £300,000 of funding to establish at least two new social supermarkets in London that reduce food waste and sell stock at low prices to local people on low incomes and struggling with food poverty.
- 1.2 Social supermarkets offer an innovative food retail offer: they work by securing high quality food (including healthy food options) from high street retailers and manufacturers that may otherwise be sent as waste to landfill, yet is completely fit for human consumption. They 'recover' this food by selling it to those in food poverty at reduced prices, around one-third of normal retail price, to their members. Crucially the food is not free and the social supermarket does not offer a dependency model.
- 1.3 Social supermarkets have the potential to play a key part in reducing food poverty – tackling food access issues and enabling people in some of London's most deprived communities to access affordable food as well as accessing support services to gain skills help them enter or re-enter the workforce.
- 1.4 Food waste is also a significant issue in London. Social supermarkets help address this issue by selling a proportion of the 450,000 tonnes per annum of residual food that is currently locked up in the supermarket supply chain in the United Kingdom. Residual food is food which is safe and edible but which is not used by the major retailers for a variety of reasons, such as faulty packaging, over-run on orders etc.
- 1.5 There are currently two social supermarkets on a similar model in the United Kingdom – both of which are operated by the market leader Community Shop. The first Community Shop opened in Barnsley in December 2013. Due to the success of the first shop a second was opened in West Norwood, Lambeth in December 2014.
- 1.6 The original Community Shop in Barnsley has shown that the delivery model can be self-sustaining with a robust revenue stream. There are also strong projections for the next financial year. Community Shop in Lambeth has over 500 members and has also been helping local people into work through its support programmes.
- 1.7 With this success in mind the GLA decided to pilot the model further to see if it can be replicated at scale. However, the initial capital set-up cost is acting as a barrier and GLA funds are needed to overcome this by supporting the fit-out costs.
- 1.8 In March 2015, the Investment and Performance Board approved provision of £300,000 capital investment (Stage 1: Strategic Case) to at least two London boroughs to set up social supermarkets to help establish 'proof of concept'. This will overcome prohibitive set-up costs preventing new shops opening.
- 1.9 In July 2015, the Mayor wrote to Borough Leaders and Chief Executives to invite them to apply to receive grant funding from the GLA to cover the capital fit-out costs associated with setting up a new social supermarket. The deadline for applications was September 2015; five applications were received.
- 1.10 Applications were scored independently by four GLA officers (from the Food and Regeneration teams) across each of the criteria set out in the prospectus, which included: provision of suitable, available, publicly-owned premises; commitment to good, high quality design and careful

implementation; commitment to a wide range of wraparound support services to social supermarket members, helping those members who are so able to enter employment or take up apprenticeships; commitment to create new permanent jobs for members of staff and at least one apprenticeship in each social supermarket with a majority recruited from the local area; commitment to pay the London Living Wage; demonstration of links or planned links with local third-party support agencies; demonstration of local need for the social supermarket services; commitment to operate the social supermarket as a Community Interest Company, ensuring the shop “locks in” its operating profits to cover revenue costs and to reinvest profits to improve the shop and the support services it provides to members.

1.11 A moderation meeting established the three highest scoring projects and it was agreed to propose these for funding, as follows:

- Northumberland Park, London Borough of Haringey (£100,000)
The borough will establish a social supermarket in Northumberland Park ward – situated to the North East of Tottenham – recognised as the most deprived ward in London. The community suffers from substantial social and economic disadvantage, including high levels of food poverty. The proposed premise for the social supermarket is the Eric Allin Community Centre which is managed by Homes for Haringey (HfH), Haringey’s arms-length management organisation for council housing. HfH will deliver the programme alongside the Council, and have committed to providing the additional capital funding required. This community centre is at the heart of the Northumberland Park estate, the most deprived and ethnically diverse locale within the ward. The borough will manage delivery and will carry out a transparent procurement process to identify the best delivery partner and provider. The Haringey Obesity Alliance will provide considerable support to the social supermarket.
- Upper Edmonton, London Borough of Enfield (£100,000)
Enfield has the 6th largest number of households living in fuel poverty in London, 37th largest in England and the highest number of families affected by the benefit cap in the UK (1,548 affected). The North Enfield Foodbank has, since April 2012 fed a total of 13,683 people, of which 5,504 were children. This equates to over 123,000 meal and 111 tonnes of food. The social supermarket will be located in a council-owned property on Fore Street in the Upper Edmonton ward, which has a minimum lease term of 3 years. The premises are currently a library and as part of the Enfield Library Development plan, libraries are seeking suitable partners to co-locate services at sites identified as Community Libraries. This proposal to co-locate the library and social supermarket service will reinvigorate the library model as well as providing the necessary footfall to integrate the Social Supermarket and the services provided as a valued resource for the local area. Planning permission for a change of purpose for the usage of the building has been agreed in principle. The social supermarket will support the addressing of multifaceted contributors and causes of poverty, in particular, the Support and Empowerment Programme (SEP) approach, and it will complement the flagship regeneration activity in the adjacent area as part of the Meridian Water Development and consequent infrastructure improvements. It has provided evidence of significant local support and will be further supported by capital from the Garden Enfield project.
- Clapham Park, London Borough of Lambeth (£100,000)
Lambeth hosted London’s first social supermarket. Opening in December 2014, it has already helped 520 households with access to low cost food and employment, budgeting and cookery training. The social supermarket will be a partnership between Lambeth Council and Metropolitan Housing for a second social supermarket in Lambeth utilising Metropolitan premises. It will serve as an innovative model of partnership working and demonstrate how a network of low cost healthy food retailers can become sustainable in London. Housing Association premises will be more readily available than council or private rented premises and will result in further development of this market in London. The site in Clapham Park is sufficiently far away from the first shop to make an impact on a number of different deprived areas (the estate itself has a high number of claimants with

687 of 2072 (33.16%) of households claiming housing benefit) as well as being close enough to gain efficiencies from the delivery routes. The space is in a new retail area which has good links to Brixton, Streatham and Clapham. The shop, which usually has a commercial rent of £40,000 per annum, would bring vibrancy to the local area providing high quality premises for the supermarket.

- 1.12 The GLA's Regeneration Team will manage delivery of the three projects. The Food Team, within the Economic and Business Policy Unit, will support and advise the Regeneration Team throughout the process.
- 1.13 The IPB paper for these projects envisaged each supermarket contracting with the GLA to operate for a minimum of 5 years. In fact the three highest scoring projects now proposed for funding are able to secure leasehold occupation of appropriate premises at economical rent levels for a minimum of 3 years. In any event, all output targets presented to IPB are now concentrated in years 1 – 3 of project delivery, meaning that they can be meaningfully measured and assessed within this timeframe. It is nonetheless hoped the supermarkets will thereafter continue operating on a sustainable basis, subject to the availability of suitable affordable premises.
- 1.14 The grant agreement will allow for clawback and/or retention of grant funding allocated to the project(s) by the GLA, in the event that project outputs are not achieved and demonstrated.

2 Objectives and Expected Outcomes

- 2.1 The project will demonstrate how social supermarkets can address issues of food poverty. GLA investment will overcome market failure in meeting set-up costs and the resulting facilities will act as a pilot to test out the scalability of the model in the London context.
- 2.2 The project will:
 - Act to prove the concept of social supermarkets as a means of addressing poverty;
 - Provide evidence of scalability of the concept across London;
 - Highlight how market failure in financing set up costs can be overcome to support a sustainable business model;
 - Regenerate run down high streets and act to support their re-invention;
 - Align with and complement the regeneration work of borough councils and their local partners;
 - Demonstrate how social supermarkets can have a transformational effect on food access and affordability issues faced by those Londoners who are vulnerable to food poverty;
 - Support vulnerable Londoners to enter or re-enter the workforce;
 - Improve the built environment and build community cohesion in those areas invested in;
 - Address the significant issue of food waste in London through redirecting residual food from supermarkets away from landfill and to those in need;
 - Deliver on the commitment to reduce food poverty in London set out in the Mayor's 2020 Vision;
 - Contribute to the Mayor's Economic Development Strategy aim to improve London's jobs, skills and economic growth agenda;
 - Address food waste – a priority in both the London Food Strategy and the Mayor's Business Waste Strategy.
- 2.3 The funding will provide three new premises in London specifically fitted out to run a social supermarket.
- 2.4 It is estimated that each shop will be a self-sustainable operation with 500 active members by end of year one.

- 2.5 The project will create at least 19 direct jobs and three apprenticeships.
- 2.6 Contracted targets for each of the supermarkets will be approximately 200 tonnes of surplus food sold, 750 members registered in the first year, 1,300 members to take part in training and skills opportunities, 12% of expected members to secure permanent jobs. The IPB paper for these projects envisaged each supermarket selling 2,000 tonnes of surplus food. However following discussions with local delivery partners and potential service providers for the supermarkets themselves, this has been reduced as the previous figure was in fact unrealistic.
- 2.7 Outcome: Social supermarkets will help regenerate these three deprived and run-down localities. Social supermarkets, and investment from the GLA, will also complement the work in each area to regenerate their high streets, improve footfall and redefine them as places to trade not just goods but relationships, ideas, contacts, skills and knowledge.
- 2.8 Outcome: Each social supermarket targets people living in deprived communities and will help them get out of poverty. Membership is available to those that commit to engage with the social supermarket support programme that addresses the multiple barriers that keeps them in food poverty. The strong skills and employability focus of support helps members who are able to work move into or towards the labour market during the period of their membership. Critically, sustained support and cross referral to other support can help members sustain their jobs and progress into better paid. The coalition of partners providing the support services is likely to include Jobcentre Plus, Skills Funding Agency and skills and employment providers (such as those running ESIF and Work Programme contracts).

3. Equality comments

This project is designed specifically to engage with Londoners on low incomes and at risk of experiencing food poverty. Those disproportionately represented in poverty include lone parents, particularly young women, residents who are from Pakistani, Bangladeshi and Afro Caribbean backgrounds, ex-offenders, older people over 50 and those with a disability.

4. Other considerations

This project can be linked to the following objective of the Economic Development strategy:

- To give all Londoners the opportunity to take part in London's economic success, access sustainable employment and progress in their careers.

Project Risks

Risk	Probability	Impact	Mitigation
For 2 of 3 boroughs, this is a new project. This could lead to mistakes in costing and/or delivery.	Medium	Medium	The GLA has required significant project budget information and match funding as part of the tender process. In addition, the boroughs are planning on working with an experienced social supermarket provider to assist them with delivery and other similar experienced delivery organisations.

The boroughs may not hit their KPIs/targets re: members, food, training/skills, jobs	Medium	Medium	The GLA has constructed KPIs carefully, based on experience of previous social supermarket projects and with reference to what the boroughs have already committed to deliver.
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3 Financial comments

- 3.1 Approval is requested for capital expenditure of £300k for the fit-out costs for three new social supermarkets in the London Boroughs of Haringey, Enfield and Lambeth.
- 3.2 The programme will be funded from the capital funding allocated to the High Streets Fund in 2015-16. There is no capital budget allocated beyond the 2015-16 financial year, therefore for any grant payments / milestones that fall in 2016-17; the related budget requirement will be subject to a carry forward request at year-end.

4 Legal comments

- 4.1 Under section 30 of the Greater London Authority Act 1999 (the 'Act'), the GLA, acting via the Mayor, is entitled to do anything that it considers will further the promotion, within Greater London, of economic development and wealth creation, social development and the improvement of the environment.
- 4.2 Furthermore, section 34 of the Act allows the GLA to do anything that is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA exercisable by the mayor.
- 4.3 The GLA's provision of funding to various London boroughs in order to facilitate their opening three social supermarkets, which collect food, which retailers would otherwise throw away and which sell that food at a discounted rate to members of the social supermarkets, may be viewed as calculated to facilitate social development in Greater London.
- 4.4 It appears that the proposed funding may be viewed as a conditional gift rather than a payment for services. Paragraph 6.4 of the GLA's Contracts and Funding Code provides that GLA funding is to be distributed fairly, transparently and in accordance with the GLA's obligations regarding equality of opportunities. To this end, the officers have described at paragraphs 1.9 and 1.10 above the open and competitive process, during which all boroughs were invited to tender and following three were awarded funding after their bids were deemed successful in light of the pre-published award criteria.

5 Investment & Performance Board

On 30 October 2015, IPB agreed to endorse this expenditure to contribute to the fit-out costs associated with setting up three new social supermarkets.

IPB requested that the project ensures Mayoral branding is included, and this has been addressed by clause 9.1 of the grant agreement, which states the grant recipients shall ensure that publicity is given to the fact that the GLA is financially supporting the project and in acknowledging the contribution made GLA logos shall be used wherever possible.

6 Planned delivery approach and next steps

Activity	Timeline
Announcement	Dec 15
Grant award	Dec 15 - Jan 16
Delivery start date	Dec 15 – Jan 16
Interim evaluation start	Jan – Feb 16
Delivery end date – social supermarkets open	March – April 16
Evaluation start	April - May 16
Year 1 evaluation finish	May 17

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Stephie Joslin has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Debbie Jackson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Rosie Boycott has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. J. Allen

Date

15.3.16

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

*Approved by Sir Edward
Lister by email*

Date

16.3.16