



LOCAVORE AND THE LEAKY BUCKET

Assessing our
economic impact



Introduction

Locavore exists to help build more sustainable food networks which are better for the environment, society, local communities and their economies.

We want a food system which feeds us all while also nourishing a healthy, fair and prosperous environment, society and economy, and we were launched as an effort to do something practical to make local and sustainable food available to more people, with the hope and ambition that we would help trigger the start of a local food revolution.

Over the coming years we have plans to continue expanding by opening more shops and increasing our capacity to grow food, deliver veg boxes, and do everything else that we do. Our aim, put simply, is to offer more people alternatives to conventional supermarkets so that they can choose local, organic foods and goods which are better for people and the planet.

This report, part of our Impact Research Project, looks at the economic impact of our work, and the role our customers are playing in supporting progressive businesses who share our values.



As a Community Interest Company, Locavore exists to benefit a community rather than to make a profit for shareholders, and we use our purchasing power to support companies who share our values - that might be their structure, for example they are family owned and run, or a worker's cooperative, or their methods of production.

Whereas multinational food businesses tend to prioritise the needs of other multinationals, whether as investors, shareholders or producers, we focus on small scale producers who are more likely to re-invest in their own communities. We know our customers choose to shop with us because they support our values, and part of that is about wanting to support producer by paying a fair price.

We believe the best way to do this is by focusing on short chain food systems, dealing directly with producers wherever we can, and prioritising those based in Glasgow or Scotland, then the rest of the UK or mainland Europe.

As well as the environmental benefits that come from shorter food supply chains, there are also fewer cuts taken from the money as it passes through the system, making it better value for money with more of it ending up in the hands of the people who produce the food on your table.



Round 1: Customer Spending

The first round of spending is the amount spent with us. For the purposes of the exercise we looked at income and expenditure from our Govanhill shop.



Round 2: Our Spending

The second round is how Locavore spends that income, looking at our accounts to break down what we spend, and who with.



Round 3: Staff & Supplier Spending

The third round looks at what happens to the money we have spent - we survey samples of our staff and suppliers to find out where their spending goes.

To understand the economic impact of shopping at Locavore, we conducted an exercise using the New Economic Foundation's LM3 methodology, developed to track the flow of money around a local economy.

The LM3 uses a visualisation of a leaking bucket to represent a local economy, full of the people and organisations that are in the local area. If someone within the bucket spends £100 on a local window cleaner, the money stays within the bucket. If they spend it with a company based outside the area, the £100 has gone, as if there is a leak in the bucket.

The benefit of keeping money recirculating within a community is that it continues to bring benefits to everyone within it, by helping to support small businesses and traders. The spending and re-spending within an area therefore creates a multiplying effect, effectively increasing the value of each pound in circulation, and the overall aim should be to plug the leaks and keep more money in the bucket

The LM3 was designed as a tool to calculate how much money stays within the bucket by tracking money through different rounds of spending. The LM stands for Local Multiplier, and the 3 is how many rounds of spending are looked at.



How we spend it

For this round of calculations, we looked at five months of spending at our Govanhill shop, and for each area of spending we identified and categorised businesses, firstly by location (Are they based in Glasgow, Scotland, or elsewhere) and then by business type (do they have one or more of the characteristics that mean we would place them in the progressive economy, for example are they a Worker’s Cooperative, entirely Fairtrade...).

For the purposes of the main calculation, each business is only counted once, prioritising location - a Glasgow based progressive business would therefore be counted in the Glasgow score.

As you might expect, the areas we have least control over are those covered by statutory requirements - PAYE and National Insurance are good examples of these.

Overheads cover our rent, paid to a local landlord, and utilities, which we buy from Ecotricity, providing 100% green energy.

Operating costs included in these calculations include Waste and Recycling, provided by Changeworks Recycling, an Edinburgh based social enterprise, and things like equipment, maintenance, and cleaning.

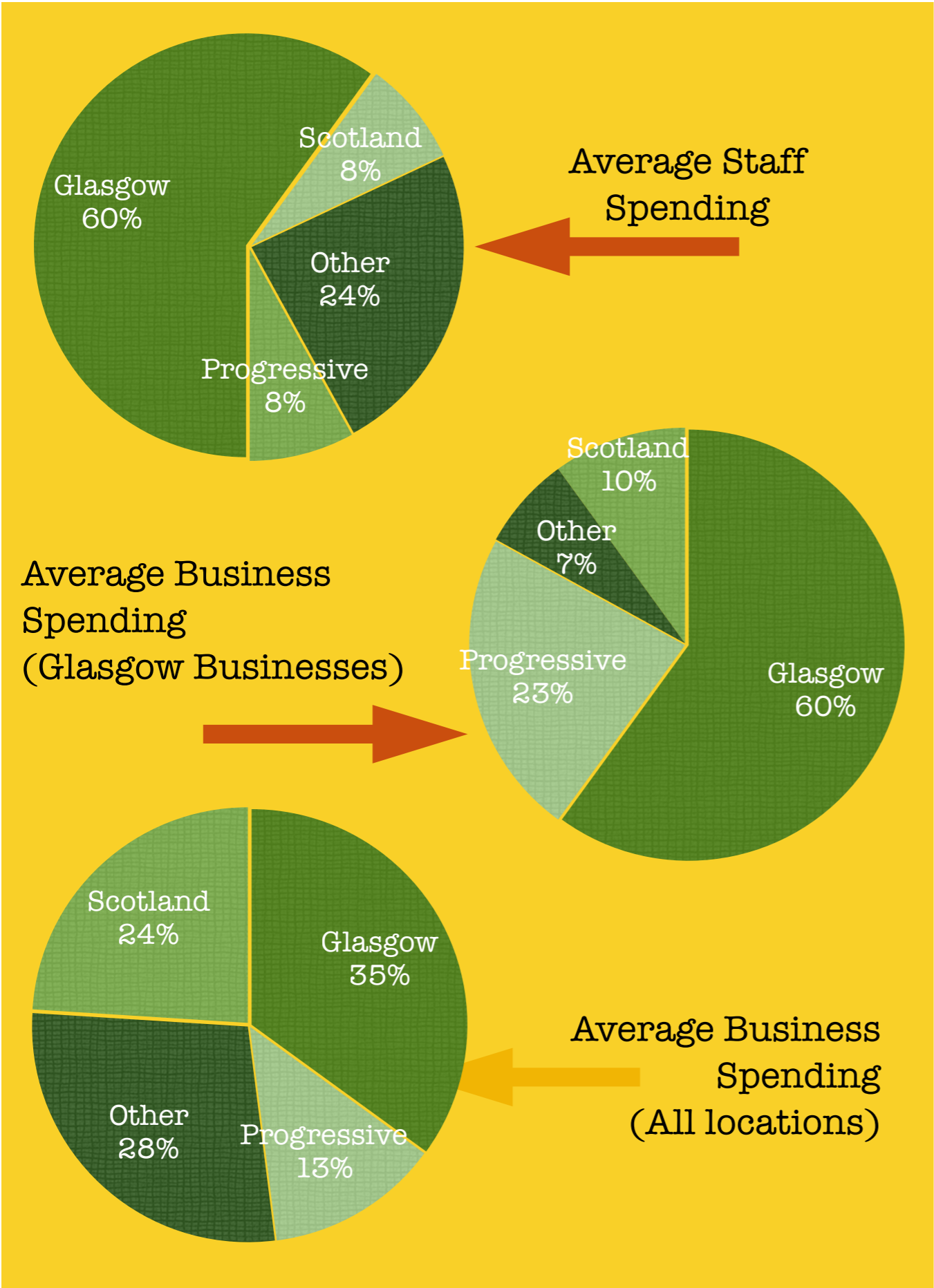
How they spend it

Staff working in our Govanhill shop were asked to answer a short survey asking how they spend their wages, accounting only for their Locavore pay, after deductions, excluding any other income, and accounting for any shared bills. We made this a short form, asking for amounts spent in businesses based in Glasgow, Scotland, or outside of Scotland but within the progressive economy.

We sent a similar survey to our main suppliers, and received responses accounting for 60% of our expenditure. We asked them for their total monthly income and expenditure, which was then converted into percentages.

Using these figures, we calculated the averages for business within Glasgow and the averages for the others that responded, and applied those to the remaining businesses based on their locations.

These percentages were then applied to the average amount Locavore spends with them each month, enabling us to continue following the path of the money spent with us.



Every **£1** spent in our Govanhill shop is worth:



£1.92

To **Glasgow's** economy,



£2.36 to **Scotland's** economy,



£2.87

To **Scotland** and the **progressive** economy.

How we scored

When it was created, the aim of the LM3 tool was to focus on the flow of money through a local area, often at a neighbourhood level. Because our reach is much wider, we adapted the LM3 using the methodology to capture a wider range of impacts, looking at our impacts on Glasgow, on Scotland, and on progressive businesses, which has given us three scores.

Whichever route taken, the calculation is as follows:

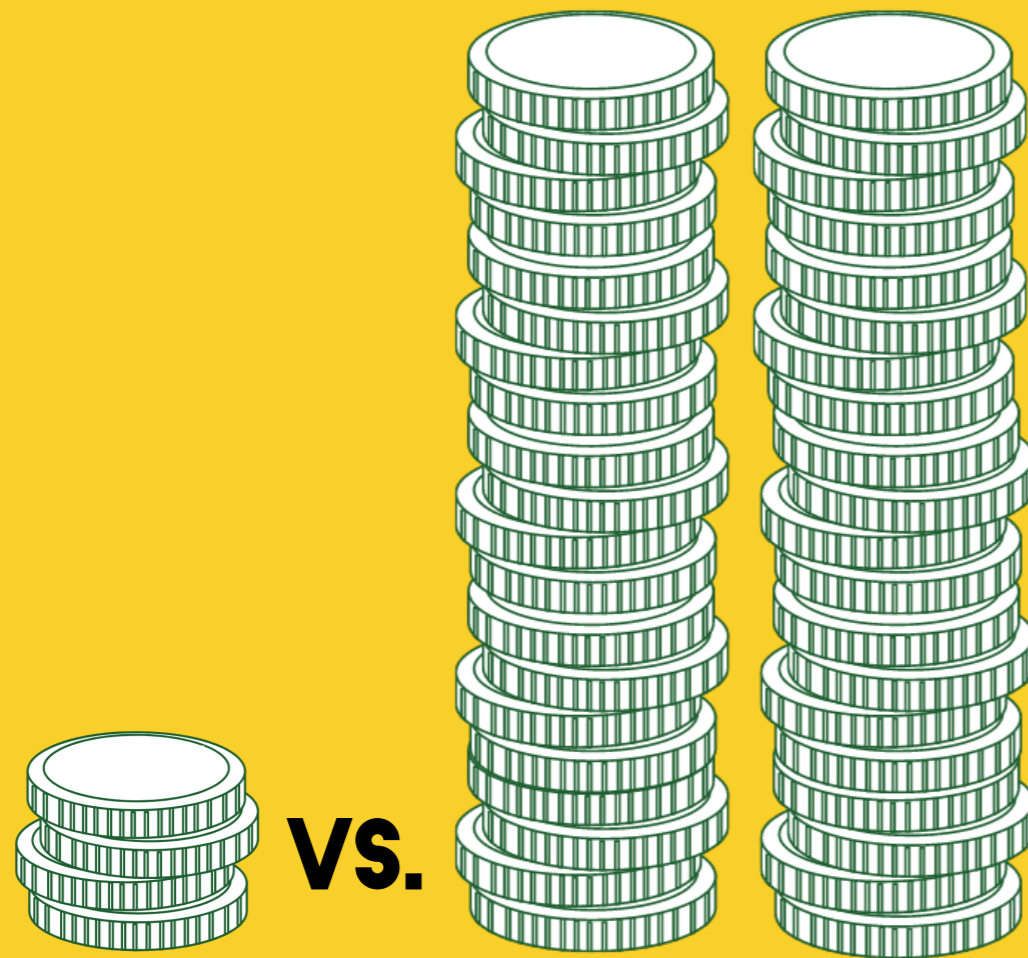
$$\frac{\text{Round 1} + \text{Round 2} + \text{Round 3}}{\text{Round 1}}$$

Using this sum, the minimum score possible is 1 (100% of money leaves) and the maximum is 3 (100% stays in the chosen economy).

Using figures looking at re-spend in Glasgow gives us an LM3 score of 1.92 - every **£1** spent with Locavore is worth **£1.92** to the Glasgow economy.

Using figures combining Glasgow and Scotland, every pound spent with us is worth **£2.36** to the Scottish economy.

Taking into account our spending with progressive businesses outside Scotland, our LM3 is 2.87, meaning every pound is giving **£2.87** of support to local or progressive businesses.



**STRONG LOCAL SUPPLY
CHAINS SUPPORT STRONG
LOCAL ECONOMIES.**

How We Compare

As you might expect, figures on the economic benefit of supermarkets can be difficult to obtain. However, a 2014 report by Nourish Scotland* in partnership with Scotland's Rural College used NEF calculation to demonstrate that conventional supermarkets actively draw money out of communities, suggesting that a pound spent with national supermarket chains equates to **£1.24** for the local economy.

Whenever a new supermarket opens or lobbies to open in an area, the amount of jobs being created will be used in the publicity, but these are often the only significant ongoing contribution to the local economy, and whereas Locavore is a Living Wage employer, many supermarket jobs pay minimum wage. Similarly, staff discounts mean a proportion of those wages continue to leave the local community and feed those profits.

According to Nourish, money spent with local food networks is worth ten times more to the local community, and we're pleased to find that our figures support this.

* Source: "Growing the Local Food Economy in Scotland", Nourish Scotland, 2014.

What next?

This type of exercise is really helpful to give an idea of where money is being spent, and to illustrate the impact everyone can have through the spending choices that are within their control. The creators of the LM3 point out that it should be used as an indicator, rather than an exact science, and that it is most useful to help identify gaps or areas to work on.

Despite an occasional misunderstanding that the name Locavore means all our products are from Glasgow, we will carry on sourcing produce as close to us as possible, and would love to hear any suggestions you have for new or alternative products that fit our criteria around methods of production, sustainability and ethics.

As we approach the opening of a new shop, we intend to increase our buying power, and will use this power to support Scottish producers whose values align with our own and those of our customers.

By working together in this way, we hope to continue to reshape the food system into something which supports people and planet, not multinational corporations.





Find out more:

Facebook: [@GlasgowLocavore](#)

Instagram: [@Locavore_CIC](#)

Twitter: [@GlasgowLocavore](#)

Shop with us:

Locavore Govanhill

349 Victoria Road, G42 7SA

Locavore Partick

449 - 455 Dumbarton Road, G11 6EJ

Locavore Renfrew Street

134 Renfrew Street, G3 6ST

Thank you!

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We'd like to thank our customers, staff and suppliers for taking part in this and many other aspects of the project, giving up their ideas, their time and their information to support us.