

Response to Pubs APPG inquiry on the impact of COVID-19 on the pubs sector



Submitted to the Pubs All-Parliamentary Group on behalf of Plunkett Foundation on 21st May by

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About Plunkett Foundation

The Plunkett Foundation is a national charity, working across the UK to provide access to advice and expertise for the benefit of community businesses. We have been helping predominantly rural communities for over 100 years to tackle the issues they face, through promoting and supporting community business. The businesses we work with are owned and run democratically by members of the community on behalf of the community, such as shops, pubs, farms and woodlands.

We provide practical advice to help communities establish and run successful community businesses, via a network of around 50 self-employed advisers. Plunkett has supported 800 community businesses to establish in the UK, with a 96% long term survival rate, compared to the national average of 44.1% for other small businesses.¹

In the context of this enquiry, Plunkett advocates for the community ownership model as a solution to safeguard pubs that would otherwise have been at risk of permanent closure. Alongside a variety of partners, we have supported 142 pubs throughout the UK into community ownership, the oldest of which dates to 1982. To date, only one has closed permanently.

We welcome this inquiry and the opportunity to provide insight of how the community pub sector has reacted and responded to the coronavirus pandemic.

The community pub sector

Community-owned pubs vary in size, business model, whether they own or lease the pub business, or are run by tenants or staff employed by the community. What they

¹ 5-year survival rate of all UK small businesses between the years of 2011 and 2016. Source: Office for National Statistics.

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2016>

all have in common is that local residents, or members from a community of interest have come together raised money and bought the pub for local benefit.

Often these community businesses open as the only remaining option left to a community, who want to save their pub from permanent closure and potential conversion to alternative use. At the core of their operation is the community, whose support is vital to the longer-term project success. Residents, local businesses and other community organisations and groups will have been consulted about how the pub should trade in future, once it is in community hands. Owned by the community for the community, the community decides what additional vital services it can offer - like a post office, a shop, a café, mental and physical health services, or simply a place for groups to meet. They also offer employment, training, tackle issues of isolation and loneliness and can improve the wellbeing of all local residents.

Following a pause in new openings during the first lockdown in 2020, the sector has continued to grow even during the pandemic. 23 new community pubs have opened since the end of 2019, with the majority of these after March 2020. Furthermore community projects raised an impressive £4.5m in community shares in 2020, a common form of finance utilised by community pub projects to progress their ownership ambitions. There has been cumulative growth in the sector since the first recorded community pub opened in the 1980s.

Thanks to the delivery of the More than a Pub (MTAP) programme in England, managed by Plunkett Foundation and funded by Power to Change, there has been a surge in community pub numbers in recent years. 57% of all community pubs have opened since 2015.² This is in a stark contrast to the long-term national trend, which has been exacerbated by the coronavirus crisis, with the closure of 2,000 pubs recorded in 2020 according to BBPA research.³ Community ownership has been a route chosen by many communities to save their pub even before the pandemic, and interest is growing. In 2020, Plunkett received a 53% increase in enquiries from new groups.⁴

From March 2020 our primary focus was on supporting all forms of community business with a clear priority being community pubs given that they were facing a near total loss of income, except whatever they could make through amended,

² Plunkett Foundation records and evidenced in our annual “Better form of Business” reports

<https://plunkett.co.uk/reports/>

³ British Beer and Pub Association records <https://beerandpub.com/2021/03/15/one-year-on-2000-pubs-lost-forever-2-1-billion-pints-in-beer-sales-lost-and-8-2-billion-in-trade-wiped-out/>

⁴ *Impact Report: 2020*, Plunkett Foundation (2021), p.4. <https://plunkett.co.uk/wp-content/uploads/2020-Impact-Report-Plunkett-Foundation.pdf>

reduced or remote/delivery services. We were also fortunate that the funder of MTAP, Power to Change enabled us to pivot the delivery of this programme and offer increased levels of support to pubs responding to the crisis. Many pubs sought to diversify their services, or work with other local businesses to make sure that their local residents were supported whilst living under lockdown restrictions. Using More than a Pub funding, Plunkett provided 33 small grants to the community pubs in England to enable them to create safer outside service areas, purchase takeaway receptacles or implement online social activities. To engage those groups in Wales and Scotland, we ran online catch-up sessions, training and information webinars and proactively contacted businesses to offer the support of our experienced advisers.

Plunkett Foundation is the only organisation offering a comprehensive, bespoke support service for all community-owned pub groups, from developing projects to established businesses across the UK. We recognise that this pandemic will have a lasting effect on the pubs we are proud to support, but furthermore that community-ownership may be an option for other communities to save their local too. In our response to this inquiry we have sought to respond directly to the questions posed, but would like to use this opportunity to also promote the legislative changes that could help to unlock further potential for an even greater number of community-owned pubs.

Summary of the main points we wish to raise in response to this inquiry:

- 1) There has been a clear lack of knowledge and understanding from Government about how the community-owned pub model works
- 2) The community-pub sector remains resilient in spite of the pandemic, because of local support and investment
- 3) Further support is needed to support all pubs to reopen and re-establish their customer base
- 4) Rebuilding customer confidence will be vital in the recovery
- 5) Changes to, or enactment of Community Rights legislation across the UK is needed to protect more pubs and potentially bring them in to community-ownership
- 6) The launch of the Community Ownership Fund (COF) in June is an opportunity to grow the sector further, but there needs to be effective infrastructure support in place to support developing groups and existing community-owned businesses

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Plunkett Foundation’s response to the individual inquiry questions:

Q1. How well do you believe that the Government understands the trade? What would you like them to know, if you think they don’t already?

1. There has been a lack of understanding of how the sector operates throughout the pandemic, as demonstrated from the outset when the Government issued advice to “avoid pubs” (on 16 March 2020) a full four days before the official enforced closure of pubs was issued, on Friday 20 March. Giving this advice, rather than deciding to enforce closures at that point, null and voided insurance claims and caused genuine panic and concern for many in the pub sector. Coming out of a very wet winter, pubs were already at a disadvantage when they effectively entered a second winter in the Spring of 2020 due to the severity of the pandemic.
2. This is just one example of how the Government could have given clearer communication to the pub sector. Unfortunately the treatment of the hospitality sector at large has suffered throughout because of miscommunications, inconsistent advice and an insufficient range of support which has not benefited the sector universally. Below we share examples of how our community-owned pubs have been disadvantaged by a fundamental lack of understanding for the business model.
3. Community pubs had difficulty accessing Government loans through the participating banks. This is part of an ongoing issue in community businesses being unable to open bank accounts with the major high street banks. Plunkett Foundation, along with partners in the social enterprise sector, wrote to Minister John Glen, Economic Secretary to the Treasury and City Minister, in January regarding this issue.⁵
4. Furloughed employees were unable to volunteer for the business, even if their activity was not “for profit” and intrinsically linked to the core business model. As community enterprises, community pubs often draw on volunteers to carry out their wider activities. In the pandemic this also included making deliveries of food

⁵ For further details see: <https://plunkett.co.uk/plunkett-calls-for-barriers-to-government-backed-loan-schemes-to-be-removed-for-community-and-social-enterprises/>

and medical prescriptions to the vulnerable and self-isolating. However, furloughed employees, although willing, were prevented from supporting these activities.

5. The Eat Out to Help Out scheme was also a short-term “shot in the arm”, but was not targeted to those who needed it most, i.e. small businesses.
6. **We would like the Government to understand the social value delivered by pubs, and community-owned pubs in particular, and acknowledge this by investing in the future of the pub sector and taking the steps we recommend in our answers to questions 5 and 7.**
7. In short, pubs are more than just a place to drink. They form part of the social infrastructure communities rely on, not just to socialise in, but also to rally around in times of need. Particularly in rural and often remote areas, a local pub can serve as a community hub, in the absence of any other venues or means of accessing these by public transport. These community hubs can act as centres for volunteering initiatives, combat loneliness and isolation, link up with local charities, and provide services and amenities that benefit the community’s wellbeing, such as a community garden and club meetings. Pubs also boost the local economy by sourcing produce locally, and provide jobs and employment skills where there are few other options available locally, which is particularly important to young people.
8. Localis cites research from the Local Trust and the Left Behind Neighbourhoods APPG in their report on the necessity of maintaining social infrastructure for resilient communities. According to the Local Trust report, ‘Areas of deprivation that lack these community assets have higher levels of poverty, unemployment, and poor health than others, leading to them being “left behind”.’⁶ The APPG also investigated the impact of the pandemic in ‘areas lacking places for social interaction’ and found ‘lower levels of mutual aid activity occurring than the UK average.’⁷ Against this evidence, it is urgent to secure the future of pubs, not just for the economy, but also for rural communities in order for them to remain resilient and sustainable in the future.

⁶ *The Power of Pubs*, Localis (2019) p.5. https://www.localis.org.uk/wp-content/uploads/2021/03/037_PowerofPubs_AWK_1.pdf

⁷ *The Power of Pubs*, Localis, p.8.

9. In light of the importance of pubs as social infrastructure, we would like to highlight how community pubs continued to serve their communities during the pandemic.
10. Our “Better form of Business” research in 2020 considered community pubs’ response to the pandemic. We found that **most community pubs continued to operate during the first UK-wide lockdown in some form for the benefit for their community by diversifying services.**⁸ Evidence from pubs responding to our survey showed that:
- 68% served takeaway food/drink
 - 50% created a food service to the vulnerable and self-isolating
 - 32% provided online services, such as quizzes and music events, and 27% provided local shop services.
11. **Community ownership is an effective way of preserving pubs as community assets, and fostering this kind of resilience in the face of crisis.** The community ownership model means that pubs are in touch with local residents’ needs, and can adapt quickly and effectively, with local support.
12. This is supported by our research in 2021. 98% of respondents to our most recent Better form of Business survey in April 2021 said that being a community-owned pub made their business more resilient.⁹
13. The top three reasons cited for why the community model made their business more resilient:
- i. Supportive local community – e.g. customers remained loyal and continued to use takeaway services. This was by far and away the top reason, with 25 pubs citing this as a reason. This is no surprise given that most pubs (53%) have between 51 and 200 shareholders invested in their pub. A further 33% have more than 200 shareholders.¹⁰
 - ii. The non-profit model meant that management committees could support their tenants, e.g. by offering rent holidays. The priority was to keep the tenants in business, and ensure the pub’s survival. Shareholders valued the pub for its

⁸ *Community Pubs: A Better Form of Business*, Plunkett Foundation (2020), p.17. https://plunkett.co.uk/wp-content/uploads/Plunkett_BB-2020_Pubs.pdf

⁹ 56 out of 57 respondents. Findings from our April 2021 survey will be published in October 2021 in our annual ‘Better Form of Business’ report.

¹⁰ *Community Pubs: A Better Form of Business* (2020), p.14.

community value, and so prioritised the survival of the pub over making a profit.

- iii. Pubs were able to recruit volunteers, e.g. to help with making changes to their outdoor space or refurbishment.

14. However, community pubs have of course struggled along with the private sector. Inability to trade had an inevitable impact on businesses, and we are still waiting to see the long-term effects of this. The future of community pubs is not certain - 56% of respondents to our 2021 survey said that securing the future of their pub was a concern for the next 12 months, due to the impact of the pandemic. Although community ownership safeguards the survival of an asset to a certain extent, community pubs still need the Government's support.

Q2. Tell us about how Government support schemes have worked during the COVID-crisis– have they been enough for the pubs you represent? Has financial support arrived in a timely manner? Have you/the publicans taken out Bounce Back Loans? Are you concerned about the end of the Job Retention Scheme? If you haven't received sufficient support to cover periods of closure and restrictions, what measures have you had to take because of this?

15. Like all pubs, the community-owned businesses that Plunkett supports wanted to access advice and support quickly and try to understand how they would sustain their operation during a lockdown with no immediate end in sight. The speed at which support was deployed in terms of Business Rate Relief, VAT holiday, Small Business grants and Hospitality sector grants (announced on 19 March), business loans and other financial support (23 March) did help, but it was the announcement of the Job Retention Scheme (on 27 March) that was critical in planning what came next. Whilst this package of support was welcomed, there were still some flaws in the delivery which meant that community-owned pubs did not always receive the full benefit.

16. Access to the support was inconsistent, with some community pubs reporting difficulties in accessing Bounce Back Loans and Coronavirus Business Interruption Scheme. Many community businesses struggled to access this finance because they do not bank with one of the major banks acting as a gateway portal. There is seemingly a lack of knowledge within the banking sector about community business legal structures, such as a Community Benefit Society, and therefore some banks were reluctant to allow community businesses

to open accounts. Community businesses who did try to open an account to access the support available were left waiting for weeks or in some cases months, before being told that they were ineligible due to their legal structure. This was an issue that Plunkett and other sector partners raised with Jesse Norman MP and the Treasury.¹¹

17. For those that did access the Bounce Back Loan, the flexibility on repayment terms was welcome. For the successful recipients of this money, it was a cash injection that was much needed to help them to navigate the crisis but it should have been universally available. There was however an acknowledgement that loan finance was essentially encouraging pubs to take on further debt at a time of little or no income. This situation was further compounded by some local authorities, who were responsible for distributing grant funding. Businesses did receive the funding consistently across the country – there were delays which continued until 2021, when the grants for wet-led pubs over Christmas had payment delayed until the New Year in some areas.
18. As referenced above, community support and social impact activities are core operations for the majority of community-owned pubs. They often embody the name of Plunkett's programme of support, in that they are "more than a pub" – providing a meeting space, health and wellbeing activities, hosting local support groups and trying to contribute a wide services that benefit their area. The inability for staff who were furloughed to continue supporting community benefit activities was short-sighted, as it left pubs (not just community-owned ones) in a predicament about wanting to remain open in some form (offering takeaways, running online social events, doing home deliveries etc.) whilst at the same time needing to use the Job Retention Scheme to balance the books.
19. Plunkett also made representations to the Treasury on behalf of a community-pub that encountered initial challenges in utilising the Job Retention Scheme because of TUPE restrictions on staff. The community pub had adopted the "managed" (by the community) model, after their tenant had stepped away shortly before the first lockdown in March. This meant that the transfer of employment took place after the initial eligibility data, fortunately our representations joined with others and this was changed and the pub furloughed the majority of staff.

¹¹ <https://plunkett.co.uk/plunkett-calls-for-barriers-to-government-backed-loan-schemes-to-be-removed-for-community-and-social-enterprises/>

20. The lifting of restrictions in the summer offered an opportunity for businesses to rebuild some of the lost income, but **with ongoing restrictions in place such as outdoor only service meant the business model continued to be undermined.** Again, the support brought in June 2020, simplifying and reducing the costs of the licensing process for outdoor seating and stalls, was appreciated but it did not benefit all pubs universally. The reality was you still needed outdoor space, and without it, your operation continued to remain takeaway-only or closed.
21. The Tier systems exacerbated this issue further, with community-owned pubs in the North West of England only able to trade with limited restrictions for a very finite amount of time between lockdowns. **The short-notice time periods offered to pubs in relation to changing restrictions made it very difficult to plan ahead** and demonstrated that those developing the rules had little understanding of how the supply chain to the pub sector operates, and what noticed is required to produce beer and other key products. These rules meant that businesses were wasting unsold stock, which just further contributed to financial losses.
22. **The introduction of short-term marketing schemes such as “Eat Out to Help Out” were welcomed by those businesses that could utilise the scheme, but did nothing for wet-let or pubs with a limited food offer.** It was a blanket scheme, without consideration of the impact on small businesses, or rural hospitality businesses who had particularly suffered due to the shortening of the domestic tourism season. EOHO had only a very short term benefit, which may have even contributed to a spike in cases (for which the blame was laid at pubs’ doors in the media, not Government) and longer term repercussions for pubs in the form of subsequent lockdowns. This messaging has also undermined the confidence of some customers that is only starting to return now with the success of the vaccine rollout.
23. For community-owned pubs, it was not just those trading pre-COVID-19 that needed support. **There was a pipeline of developing community-ownership projects that have been badly affected by the pandemic.** Major sector funders paused their “usual” programmes and diverted funds to the crisis response and many infrastructure support bodies also had to furlough staff to remain sustainable themselves. Plunkett remained fully staff throughout 2020, helping us to response to a 53% increase on enquiries from groups wanting advice and

support.¹² One of the biggest challenges for developing community pubs was the current community rights legislation that exists in England, with Assets of Community Value and the associated moratorium periods often being a route community pub projects utilise to realise their ambitions. Plunkett made representations to MHCLG on behalf of “pipeline” groups in the process of trying to buy their pub. No extensions were granted on the moratorium periods for these groups, despite the obvious negative impact of the pandemic on groups’ ability to carry out inclusive community engagement and ability to raise finance. In rural areas where broadband connectivity was an issue, this problem was exacerbated.

Q3. Throughout the pandemic there have been a number of leaks, as well as speculation from the media about changes to regulations, dates for reopening, and financial support. How do you think this impacted businesses’ ability to plan?

24. Through our operational links with Government, via MHCLG and DEFRA, we repeatedly raised the point that clarity of message was essential to enable businesses to prepare and manage during the pandemic. From the “avoid pubs” message without shutting them officially right back in March 2020, through to the leaking of information relating to the Tier systems, poor communication has compounded the challenges faced by community and privately owned pubs everywhere. Furthermore the miscommunication and leaked information has had a detrimental impact on the supply chain, as it did not give enough notice to brewers and other suppliers. **In short, the leaks and other communications have made it incredibly difficult for businesses to plan beyond the short-term.**

25. The daily briefings in the earliest days of the pandemic were appreciated, but brought about a lot of questions. Plunkett runs a Community Pubs Network on Facebook,¹³ which has over 1000 members and this has been a hive of peer learning throughout the pandemic. Official communications, leaked information and clarifications have been shared on the Network page, which has encouraged open dialogue from pubs, allowing them to share their own experiences and learning. This ethos of peer networking has been so important in helping these businesses; the tenants, managers, staff, the volunteer management committees

¹² *Impact Report: 2020*, Plunkett Foundation, p.4.

¹³ <https://en-gb.facebook.com/groups/communitypubsnetwork/>

and all associated with community-owned pubs to navigate this crisis. The positive impacts that individual community pubs have had in their own communities (through services such as home delivery, or partnership with their local shop) has often been replicated elsewhere as a result of communications in this group. It is likely therefore that some of the challenges faced by misinformation were mitigated to some extent through peer support.

26. In relation to the planning of business operations, **it is clear that the fatigue from the enduring crisis has affected community-owned pubs on an increasing scale.** Plunkett records show that over 60% community-owned pubs remained open in some form during the first lockdown – primarily offering takeaway services, linking with mutual aid networks or connecting with other local food distribution initiatives. This figure became less than 50% that were open in second lockdown, in the autumn and post-Christmas, with an inability to do offsite sales of alcohol many simply mothballed their operation because the operation was not viable.¹⁴

27. Alongside the Facebook group for Community Pubs, Plunkett ran weekly Zoom calls to discuss the latest situation and help groups in accessing our free advisory support service. On these calls there was genuine concern of being moved between Tiers (or levels) in the autumn, recognising that the limitations placed on the ability to service customers made their operation unsustainable. Often the 'leaks' were the first source of information about which areas would be going in to which tier, this was not a sustainable situation long term.

28. Should there be any requirements for future restrictions, or a deviation away from the roadmap easing to 21 June then it is vital that official announcements providing clarity, in particular additional support for the sector are published and shared. Further leaks would be hugely detrimental in the efforts to rebuild customer confidences.

Q4. Do you feel that there was sufficient time to make these plans once changes were officially announced?

29. **The relatively shortly periods of time offered to community-pubs following any announced changes made it incredibly difficult for pubs to remain open throughout the pandemic.**

¹⁴ Figures from Plunkett Foundation records.

30. Of the community pubs that did remain open, many accessed advice and support from Plunkett Foundation in order to develop and implement a short-term cashflow and transition to a flexible business plan. This support was provided free of charge, with Plunkett staff and advisers also proactively reaching out to community pubs to offer our services. The ability to offer this bespoke service came about because of the supportive funders and partners that Plunkett works with, and it is imperative that there is a continuation of a free to access advisory service for all community pubs in to the future. Plunkett Foundation remains committed to supporting community pubs across the UK, which is why we launched our Pubs Campaign in January 2021.¹⁵

Q5. What will your pubs/ the publicans you represent need to be successful in the future?

31. **To recover and thrive, community pubs need the following:**

1. Clear messaging to build customer confidence

In our most recent survey for community-owned pubs, which will feed in to our 2021 Better form of Business report (due to be released later this year), **most community pubs reported that their number one concern for the next 12 months will be reassuring customers that it is safe to return to the pub.**¹⁶ Therefore the clarity around messaging will be key. Pubs understand the seriousness of the situation and have demonstrated their commitment to keep people safe. They have however also faced greater levels of restrictions, which has completely undermined their business operations. The proposed lifting of most restrictions 21 June 2021 is a key date for the sector in terms of recovery. The messaging leading up to this date must make clear reference to the efforts of pub businesses, recognising the measures they have implemented in the past 12 months and that once reopen they are a safe place for people to visit.

2. The appointment of a Minister for Hospitality

We hope to see the appointment of a Minister for Hospitality as a key priority for Government in the recovery from the pandemic. Recognising that all of the support provided to the sector during the pandemic has come from multiple departments within Government, **there needs to be a Minister with cross-departmental**

¹⁵ <https://plunkett.co.uk/community-pubs-campaign/>

¹⁶ 60% of 57 respondents stated this was a concern. Survey carried out in April 2021.

responsibility. The Minister needs to understand the diversity of the sector, its intersections with tourism and culture (DCMS), business and enterprise (BEIS), positive social contribution to communities and local economy (MHCLG), and the specific requirements of businesses in rural areas (DEFRA).

3. Extension of current support

In the short-term, **the support currently on offer to pubs such as the business rate relief and VAT at 5% should be extended for the full financial year ending March 2022.** Furthermore **the VAT discount should be extended beyond soft drinks and food sales, to include alcohol** so that wet-led pubs also benefit from this support.

In the longer term, Plunkett Foundation would like to see **a standard rate relief for community businesses and social enterprises, similar to what is afforded to charities.** This would recognise the social value of these businesses and provide additional savings for the business that could be reinvested in job creation or the continuation of diversification activities that have been implemented owing to pandemic.

4. Restart funding

The restart grants on offer in England need to be increased. 35% of community pubs responding to our 2021 Better Business survey reported that the expense of reopening is one of the primary concerns for the next 12 months. The current £18,000 (in England), £19,500 (in Scotland) restart grants on offer will largely be used to cover debts, or deferred rents or mortgages being carried from the pandemic and winter 2019/2020. Similarly, the Economic Resilience Fund in Wales will not come soon enough to assist with restarting and reinvesting in their business. Pubs need to be able to access onward grant investment to support immediate cashflow and create future employment opportunities.

5. Small grants for diversification projects

There are signs that **community pubs will continue to offer diversified services beyond the pandemic and that customers are open to these changes**, according to Power to Change research published in 2020.¹⁷ Ongoing community

¹⁷ "Seven in 10 (71%) community businesses who changed or adapted their business activity in response to Covid-19 were at least 'fairly likely' to continue with this new or adapted activity once the pandemic has ended." *The Community Business Market in 2020*, Power to Change (2021) p.51.

<https://www.powertochange.org.uk/wp-content/uploads/2021/03/Community-Business-Market-in-2020-FINAL-2.pdf>

engagement/market research will be a necessary step for community pubs to take to ensure that their business continues to meet local needs. This process of community consultation is an intrinsic part of the community pub model, but as highlighted in a recent Loughborough University report there is work to do, because although pubs play a key role in battling isolation and loneliness, some businesses are inaccessible to or could be more welcoming for older residents/families.¹⁸ Pubs need to be inclusive, accessible to all and have a friendly, welcoming atmosphere.

Plunkett Foundation supports calls from Pub is the Hub for provision of small scale diversification funding to enable pubs to build on their current operations and adapt to future circumstances.¹⁹ **Relatively small scale funding could have a relatively big local impact. For example, £3000 grants could generate £27,000 in wider community and social value**, based on a recent calculation presented by Pub is the Hub that for every £1 spent on a project through their Community Services Fund, in the first lockdown, between £8.98 and £9.24 of social value was created.

6. Reformed planning rules to support pubs

Plunkett supports the recommendation in a recent reporting from Localis, “to support pubs through the roadmap and into reopening, **the Business and Planning Act 2020 should be extended to facilitate greater use of outdoor space and takeaway services and the late-night levy suspended.**”²⁰

Furthermore Plunkett Foundation wants to see a review of Community Rights brought forward in England, to consider changes to the moratorium period offered through ACV legislation. Our preference would be to see **the Community Right to Bid in England offering a ‘Right of First Refusal’ to community groups**, with demonstrable local backing to purchase pubs and other assets of value locally. This would be in line with what is currently available in Scotland, although we welcome the manifesto commitment of the Scottish National Party to review the effectiveness of the Community Empowerment Act in reaching and engaging the most deprived communities. Finally, Community Rights legislation with a ‘Right of First Refusal’ needs to be brought forward in Wales and Northern Ireland to offer genuine protection to pubs and offer support to communities to purchase.

¹⁸ <https://www.lboro.ac.uk/news-events/news/2021/february/report-reveals-the-positive-role-pubs-play-in-comm/>

¹⁹ <https://www.pubisthehub.org.uk/news/social-value-what-are-the-key-conclusions-and-recommendations-on-how-pubs-and-publicans-can-help-communities-with-local-services/>

²⁰ *The Power of Pubs*, Localis, p.9

There should be a presumption in favour of protecting pubs in planning legislation. We fully support the Campaign for Pubs proposal to offer a protection to pubs where there is a willing buyer offering market value.²¹ This would further complement our ask to improve Community Rights legislation and to include a Right of First Refusal for communities as set out above.

7. Ensure that access to finance is not prohibited because of legal structures

The inability of some community pubs in accessing Government support, or simply experiencing long delays in applications owing to their legal structure must be addressed. Whilst we recognise that this is not a Government responsibility and relates more to a need for further education within the banking sector about different forms of business, greater recognition of the role and value of community businesses by Government could be influential in this regard. This will become even more important with the launch of the UK Community Ownership Fund later this year, and a requirement for community-led projects to secure match funding.

8. Support for staff and volunteers working in the pub sector

The impact on the health and wellbeing of staff and volunteers involved with community-owned pubs cannot be underestimated. Community pubs will need to support them on their return to work but Government recognition of and public appreciation for their role in implementing and upholding sector specific rules and legislation, such as “track and trace”, would seem to be a fairly simple action to take. Furthermore access to mental health and wellbeing advice and services, such as those promoted by the British Institute of Inn-keeping²² should be widely promoted during the recovery phase.

Q6. Do you expect the wider pub trade to change following the end of the COVID-19 crisis? In what way?

32. Assuming that the Government responds positively to our recommendations under Q5 and Q7 to help community pubs recover and thrive, there are some opportunities for the community pub sector to grow in the wake of the pandemic. **The crisis has brought into focus the important social and community value of pubs, thanks to their diversification of services.** Furthermore, **community**

²¹ <https://campaignforpubs.org.uk/campaigns/give-pubs-protection/>

²² <https://www.bii.org/news/coronavirus-advice-larger-page/mental-health/>

ownership has received increasing attention from the public and the press as a way of saving pubs at risk of closure.²³

We believe that community ownership and service diversification could prove to be long-term trends for the community pub sector:

Increasing interest in community ownership

33. At Plunkett, we saw a 53% increase in number of enquiries in 2020 relating to opening a new community business.²⁴ Given that the pandemic exacerbated the long-term national trend of pub closures, and the contrasting year-on-year cumulative increase in community pubs,²⁵ we expect to see this increased interest in community ownership continue. Plunkett is currently supported approximately 250 groups, across the UK to look at the steps to take towards community-ownership of a pub.

34. However, more support will be needed to take advantage of this trend and avoid the loss of pubs and vital social infrastructure. The Community Ownership Fund is welcome, but this must be matched with investment in infrastructure support to help the sector to grow.

Increasing Diversification of Pub Businesses

35. Prior to COVID-19, many community pubs had already diversified their services and acted as a community hub. In our research on pub activities in 2019, 81% of respondents said that they provided a community meeting space, 66% raise funds for local charities or good causes, 59% were a base for 'healthy' physical activities such as walking or cycling or in one case, facilitates NHS services on the premises. Other amenities and services included community gardens, Post Offices, B&B or tourist accommodation, Post Offices, shops, cafes, and in one case a driver service. In evidence already cited above in our answer

²³ The BBC picked up on today's opening of the Fox at Loxley, for example. (21st May 2021)

<https://www.bbc.co.uk/news/uk-england-coventry-warwickshire-57184943>. There has also been a great deal of attention around the campaign to save The Old Forge in Inverie. <https://www.bbc.co.uk/news/uk-scotland-highlands-islands-56181784>

In 2020, the Black Bull community pub based in Gartmore received special attention on Tom Kerridge's BBC programme, Saving Britain's Pubs.

There are numerous other examples of local and national media interest, such as Sky News and The Telegraph.

²⁴ *Impact Report: 2020*.

²⁵ *Community Pubs: A Better Business Form of Business* (2020). The number of trading community pubs has increased every year since records began.

to Q2, **two thirds of community pubs responding to our 2020 survey indicated that they sustained or introduced new services.** Diversification has and will continue to be a core part of community pub operations, because they were set up by the community for the community, and so will adapt to the community's needs.²⁶

36. Research by Power to Change also suggests **diversification is likely to be a continuing trend for community businesses beyond the pandemic:** "Seven in 10 (71%) community businesses who changed or adapted their business activity in response to Covid-19 were at least 'fairly likely' to continue with this new or adapted activity once the pandemic has ended."²⁷ Community businesses were readily adaptable to the crisis, with 41% saying that it presented them with the opportunity to engage customers in new ways, such as digitally.²⁸ It must be noted, however, that in rural areas this form of diversification is dependent on good infrastructure. Therefore, any diversification grants must be rural-proofed and accompany measures to improve infrastructure, particularly broadband and connectivity, in rural areas.

37. There are signs that pubs in the wider sector will continue diversify services and that customers are open to these changes. For instance, researchers at TWC found that customers would be interested in a range of new services at pubs, such as Christmas markets in the car park, pop-up health surgeries or cultural events (many of which community pubs already operated pre-pandemic).²⁹

38. As highlighted previously in this response diversification grants need not require large amounts of funding. The MTAP funding Plunkett distributed during the first lockdown and Pub is the Hub's Community Services Fund demonstrated that £3000 - £5000 investments can have a huge impact on businesses.

Q7. What opportunities do you think there will be for the sector after COVID, and what would you need from the Government to support potential growth?

39. **We are expecting that the interest in community-ownership solutions will continue to increase,** particularly if more pubs come on to the market because

²⁶ All figures from *Community Pubs: A Better Business Form of Business* (2020).

²⁷ *The Community Business Market in 2020*, p.51.

²⁸ *Ibid.*, p.50.

²⁹ <https://kam-media.co.uk/diversification-in-pubs/>

of business failure later this year. Whilst Plunkett wants to see effective support for the whole pub sector, the reality is that community-ownership may be the only solution for some communities to protect an asset from being lost. The potential for collective ownership could also be extended beyond community-led projects, with more support for worker cooperatives from partners such as Cooperatives UK offering another opportunity for sustainable ownership.³⁰

40. With a 99% long-term survival rate, community-owned pubs offer a sustainable model for retaining and sustaining pub businesses across the UK.³¹ The community led-projects which lead to these businesses being opened, must continue to be supported to not only realise their ambition of ownership but also to trade in the most viable and sustainable way. The announcement of the Community Ownership Fund in the March budget statement was welcome news and will bring about much needed start-up investment for the sector UK-wide, however it must be accompanied with ongoing infrastructure support to help the sector flourish.

41. In our communications with MHCLG, we have called for use of the Power to Change definition of a community business as one of the key eligibility criteria for administering the COF. **It is important that genuine community involvement, democratic accountability and social value are central to any successful initiatives supported by the COF.** Furthermore we recognise that the fund is predominantly focused on “at risk” assets, but we would also like to see community-ownership being considered as a more proactive way of sustaining businesses more widely.

42. To ensure that the COF reaches the communities that need it most, consideration must be given to the requirement for raising match funding towards purchase. Those in more deprived communities or in areas with smaller populations, where the ability to raise community share finance could be unrealistic, should be supported with greater flexibility applied to the match-funding requirements.

43. Community shares finance is a key contributor to the financial package developed by community pub projects, with projects raising a collective £4.5m between them in 2020. To strengthen the utilisation and deployment

³⁰ <https://www.uk.coop/start-new-co-op/support/start-worker-co-op>

³¹ 99% survival rate figure is specific to community pubs, as opposed to the 96% figure which relates to all types of community business.

of community share finance however, there needs to be longer term consideration given to incentivising investment. The recent extension (for two further years) of Social Investment Tax Relief, in the March 2021 budget statement was welcome and Plunkett looks forward to working with Government and sector partners to consider what further support is possible beyond the 2-year extension.

44. Recognising that community pub projects are very locally focussed, **a further opportunity for raising finance are the Public Works Loans that can be accessed by Parish, Town or Community Councils or at Local Authority level.** This loan finance offers long term, low interest-rate borrowing that is very attractive to community organisations. At present there is an inability for a parish or town council to access the finance and then “on-lend” this to a community group or business, something that is possible at a local authority level. This is a clear opportunity to bring more flexible finance into the sector to secure its long-term future.

Q 8. Is there anything else you would like to add?

45. **A comprehensive programme of infrastructure support is necessary for helping community pubs to get set up and thrive,** as we have highlighted in Plunkett’s Pubs Campaign. We have learned through our delivery of the More than a Pub programme that practical advice and support alongside funding are the key to community ownership projects being successful in the long term.

46. We would also like to emphasise the necessity of **rural-proofing any strategies aimed at supporting the pub sector.** Current research suggests that COVID-19 will have a long-term impact on rural communities.³² Rural communities have suffered specific impacts from the pandemic against the background of long-term issues, such as depopulation and loss of services. For a comprehensive summary of the appropriate approach to rural-proofing, we recommend referring to the Rural Services Network’s [‘Rural Strategy’](#).

47. The key points to bear in mind when tailoring support packages to rural communities are:

³² <https://theconversation.com/covid-19-will-have-a-long-term-impact-on-rural-communities-151061>

- Loss of services (such as public transport) and social infrastructure in recent years could be a trend that is exacerbated by the pandemic
- Digital exclusion/inequality due to poor connectivity in rural areas was brought sharply into focus during pandemic. Poor broadband remains an issue for many businesses.
- Ageing population means there are a greater number of residents in rural areas vulnerable to COVID-19. The vaccine rollout must be carefully considered in these areas, given the greater distances required for travel and lack of public transport to access hospitals and vaccination centres.
- Some rural areas, particularly coastal areas, are particularly reliant on tourism and hospitality. There must be a tailored focus to re-starting the economy and securing jobs in these areas. Given the potential for domestic tourism to see an increase this year, we recommended developing a Rural Strategy for Tourism to DCMS to support rural hospitality.

End of response.