

# RAISING THE BAR

All Party Parliamentary  
Group on Pubs Inquiry

November 2021



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## About the Pubs APPG

The All-Party Parliamentary Group on Pubs (Pubs APPG) is a registered all-party group, whose registered aims are:

To promote and campaign for the interests of pubs, landlords, and the communities around these pubs.

This report is not an official publication of the House of Commons or the House of Lords. It has not been approved by either House or its committees. All-Party Parliamentary Groups are informal groups of Members of both Houses with a common interest in particular issues. The views expressed in this report are those of the Pubs APPG.

This report was researched by the Campaign for Real Ale Ltd. (CAMRA) in its capacity as registered secretariat for the Pubs APPG.



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## About the Inquiry

The COVID-19 crisis has had a devastating impact on the UK's pubs. Lockdowns and restrictions put many pubs on the brink of closure, but the pandemic has also reinforced the importance of local communities and interpersonal relationships, and the vital role that pubs play in the lives and wellbeing of their regulars.

In response to this, the Pubs APPG launched an inquiry on April 30 with an initial call for evidence, collected via surveys and written submissions, which ran until May 21. This asked for evidence in three main areas:

- The impact on people who run and work in pubs – which aimed to examine the effect on licensees and employees.
- The impact on consumers and communities – which aimed to hear from ordinary pub-goers about the effect on communities.
- The national context – which covered how the relationship between the Government and the pub trade had evolved throughout the COVID-19 crisis.

Following thematic analysis of the 15,000 responses received, an oral evidence session was then held on July 15. This heard from a panel of licensees, followed by a panel of trade organisations and academics with relevant expertise. These witnesses were drawn from respondents to the initial call for evidence, and aimed to examine issues raised in their submissions in greater detail.

The first panel featured:

- Helen, landlady of The Kings Head – a fully-tied, wet-led, Harvey's pub.
- Dr Liz Hind, landlady at The Millwrights – a Greene King pub.
- Karen, landlady at the Odd Wheel – who has a Free of Tie Lease Assignment.
- Alice, landlady at Beerwolf Books - an independent freehold pub (and bookshop).

The second panel comprised of:

- Georgina Edwards, Policy & Research Manager at the Plunkett Foundation.
- Plunkett is a charity that supports communities tackling issues they face through bringing buildings and businesses into community ownership. They have helped large numbers of communities save pubs by buying them and provide ongoing support to run them. Many of these pubs are diversified, providing essential community services.
- Dr Thomas Thurnell-Read, Senior Lecturer in Sociology & Programme Director for Social and Policy Studies at Loughborough University.
- Dr Thurnell-Read's work focuses on the social benefits of pubs and their impact on loneliness and social isolation.
- Dr Jed Meers, Lecturer at York Law School, and lead researcher on the UK Pubs Observatory Project.
- The Pubs Observatory project tracks 'live' data on pub business rates, and is collecting qualitative data on licensees experiences with the Market Rent Only (MRO) process and legal analysis of the Pubs Code.

- Steven Alton, Chief Executive of the British Institute of Innkeeping (BII).
- The BII are a trade organisation representing licensees across the freehold and tenanted sectors. They exist to support, inspire, celebrate and promote the diversity of talented individuals working in the licensed trade. The BII is also involved in helping run the voluntary code of practice and rent dispute resolution process still in place for smaller pub companies.

The secretariat for the inquiry was provided by CAMRA. Written submissions and a recording of the evidence session can be accessed at [apppg.camra.org.uk/inquiry](http://apppg.camra.org.uk/inquiry). For any further information please email [apppg@camra.org.uk](mailto:apppg@camra.org.uk).

## Executive Summary

COVID-19 has undoubtedly had a devastating effect on pubs – exacerbating existing structural issues within the trade, and creating problems specific to the pandemic.

While information on the financial impact of the pandemic on the pub trade has been widely publicised throughout the crisis, there has been less focus on individual licensees, or the effect had on communities. The post-pandemic landscape of the pub trade will likely undergo long-term changes, and the Pubs APPG believes that a supportive legislative framework will be key to ensuring that these changes are positive ones.

Evidence received during the Inquiry ranged from the specific concerns of individual licensees to submissions on national, legislative changes called for by campaigners. This report provides a snapshot of the challenges faced by pubs at a unique juncture in their history, and seen in the context of the decades of pub closures that proceeded the pandemic, it is clear that reform of the legislative framework in which pubs operate has never been more crucial.

Pubs are a uniquely British institution. Our culture and our communities are poorer for the loss of any one of these venues, and the evidence collected suggests that the compounded burden of disproportionate taxation, punitive legislation and the effects of the pandemic represent a tipping point for our nations pubs.

To that effect, this report looks not only at the issues caused by the pandemic, but also the opportunities to create a flourishing pub sector – with the attendant economic and social benefits this would entail.

There has never been a better time to utilise the vast potential of pubs. As drivers of both economic growth and social connection they represent an intersection of resources for post-pandemic regeneration.

However, policymakers must recognise this and respond with meaningful legislative reforms, and a holistic approach to the array of policy areas which impact the pub trade. The Pubs APPG recognises that government has made a huge investment in these businesses throughout the pandemic and at the Autumn Budget; changes to the Business Rates system, extension of short-term VAT rates, action on debt created by the pandemic, refinement of the Pubs Code, access to training and technology, and moves to boost consumer confidence will be key to ensuring a return on this investment.

# Introduction

Before the pandemic, pubs and brewing supported 900,000 jobs across the UK, contributed £23 billion to the UK economy and employed one-in-fourteen young adults. Of the total pub workforce, over forty percent were young adults under the age of 25<sup>1</sup>.

As part of the Pubs APPG survey, data was collected to give a picture of the pre-pandemic economic contributions made by pubs. Around 470 landlords who took part in the survey<sup>2</sup> provided a figure for the typical annual turnover of their pubs – equating to a total of £214,582,773 from these businesses alone. Additionally, 722 landlords supplied typical staffing figures – employing a total of 7,444 staff<sup>3</sup>.

Even within this relatively small sample, this snapshot of the UK pub scene within Pubs APPG survey data demonstrates its importance as a driver of both tax revenues and employment.

In a wider economic sense, pubs are part of an extensive supply chain and employ specialist service and maintenance sectors in their upkeep. For example, 7 out of every 10 drinks sold in a pub is beer, with small breweries alone employing 6,000 full time equivalents and directly contributing around £270 million to GDP<sup>4</sup> each year.

As well as the trade's economic contributions, pubs also provide a 'third space'<sup>5</sup> – a neutral environment outside of the home or workplace whose primary purpose is relaxation and social interaction. This has measurable benefits, including community cohesion, reduction of loneliness and social isolation, and creation of informal friendship networks.

It is also a uniquely British institution. They represent not only a vital part of contemporary culture, but a key part of our history. During the pandemic, the Victoria and Albert Museum 'Pandemic Objects' project, highlighted 'The Pub' as one of its themes and featured art and objects from their collection dating as far back as the 1700's<sup>6</sup>. Additionally, around 250 pubs occupy listed buildings.

Research shows that 9 in 10 people (86.2%) have formed a close relationship in the pub while a fifth (19.7%) have met a romantic partner there<sup>7</sup>.

They are also a significant draw for tourists, who make an estimated 600 million visits to pubs annually. Thousands of pubs also provide accommodation for tourists and research shows that customers planning a trip would rather stay in a pub (48%) than a branded hotel (27%)<sup>8</sup>.

Before the pandemic, pubs often provided a wide range of facilities to their communities<sup>9</sup>, including meeting spaces, physical and mental health services, post offices, book clubs, grocery shops, and training spaces.

Those in rural areas particularly rely on local pubs as a meeting point to facilitate community networking and activities<sup>10</sup>. In this environment, pubs also act as a link between the past and the present – which research has shown rural communities and residents place high value on.

This was echoed by Heineken<sup>11</sup>, who stated in their submission: “*Where there is a pub, there is a community.*”



[Pub closures] made me feel sad, not only for myself and close friends I like to meet at the pub, but also for a few ‘regulars’ whom I don’t personally know, but invariably used to see at the pub and we would often have a short but friendly chat as I’d order at the bar. It made me realise how for many, pubs are a great way to tackle loneliness.

– Jalila, pub-goer

When all pubs were required to close on 20 March 2020 to stop the spread of COVID-19, the impact was felt socially, culturally, and on an economic level.

This report aims not only to quantify the effect of the pandemic on pubs and the people who run them, but to also learn from the experience of the pandemic, look to the future, and identify opportunities to create a thriving pub sector where businesses are able to both reflect and support their communities.



# The impact of the pandemic

## Evidence was collected at three levels of impact:

- The national context: This aimed to quantify the impact on the trade as a whole, including systemic pressures, the relationship between government and the pub trade throughout the crisis, and factors that could influence pubs making a strong recovery from the pandemic.
- The community impact: This looked at how the need to close pubs impacted communities at a local level, the impact of their closure on consumers, and the future of pubs and the communities around them.
- The impact on individual pubs: This focused on the impact on people who run and work in pubs including their mental health and wellbeing.

## National impact

Evidence on the nation-wide impact of the pandemic covered both existing structural issues and new concerns generated by the pandemic.

## Government support

Respondents felt that government did not understand the pub trade as well as it could, and evidence ranging from that given by individual pub-goers to that from national organisations cautioned against relying on generalisations or advice that only represented one type of pub.

Many licensees and organisations felt that the current legislative framework surrounding the pub trade was disjointed and that this had a significant negative impact on the guidance and restrictions put in place throughout the pandemic. For example, the ability to sell takeaway beer had been a lifeline for pubs during the early part of the pandemic, and the takeaway beer ban was seen as unfairly targeting wet-led pubs while not having a clear evidential basis. The introduction of a curfew was similarly seen as a counterproductive measure, with licensees and trade organisations stating that overcrowding outside venues after curfew was an issue they had cautioned against and that they felt frustrated their concerns had not been heard.



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.

– Plunkett Foundation

The trade as a whole reported a sense of being underrepresented, and this was particularly acute for independent operators of small or wet-led pubs.

Where organisations felt Ministers did have an understanding of the trade<sup>12</sup> – and a number of respondents highlighted government’s willingness to listen – they nevertheless felt that pubs had not received the support they needed during the pandemic and that the extent of fixed costs was not fully appreciated.

Some respondents called for the creation of a new ministerial portfolio<sup>13</sup> to work across Government departments and ensure that pubs had better political representation. Others wanted consultation and decision-making processes to be more inclusive and transparent, in order to better reflect the diversity of venues in the trade.<sup>14</sup>

The Business Rates holiday was widely welcomed by all respondents to the Inquiry. However, many noted the disparity in support available to pubs in England, Wales and Scotland.

The end of the Business Rates holiday was seen as a huge concern by licensees and trade organisations alike, making moves to introduce a 50% discount for 2022/23 a timely and welcome measure. The pandemic has exacerbated the disproportionate business rates burden paid by pubs, compared to online businesses. By some estimates, this overpayment is equivalent to as much as £570 million a year<sup>15</sup>. There were calls for the Business Rates system to be comprehensively reviewed, with the valuation system used for the on-trade being of particular concern.



Fix Business Rates. Our Rates bill increased by over 300% and VOA have refused to explain this. It has taken over 2 years to get this Appeal to the Valuation Tribunal - in the meantime we were paying the higher level. The Rates Holiday has helped, but it will cripple us once we have to pay this high level.

- Tony, licensee of the Camelford Arms

A related issue is that of the Late Night Levy, where the annual fee structure meant that pubs often chose to continue paying this charge because of uncertainty around how long restrictions would last. While guidance from the Home Office Minister allowed Local Authorities to defer Levy payments, this further demonstrates the wide-ranging nature of fixed costs paid by the trade and the sometimes fragmented financial support available.

### **Pubs’ supply chains**

The pub trade has an extensive supply chain, without which it cannot function. In many cases, supply chain businesses such as brewers of cask beer relied almost entirely on the off-trade before the pandemic. Without access to pub sales, these brewers have lost the equivalent of 10 years of growth<sup>16</sup>. Additionally, the British Beer and Pub Association (BBPA) reported that just considering beer sales in the on-trade, more than £9.6bn of sales value had been lost in the last 12 months – impacting both jobs and tax revenues.

## Debt

Pub Owing Businesses emphasised the cost of supporting their tenants and employees as well as the need for governmental support in both the long and short term. Leased and tenanted pubs received a total of £285m of financial support from their pub companies<sup>17</sup>, including rent reductions, discounts and direct investment in reopening support and equipment.

On the other hand, the Campaign for Pubs<sup>18</sup> argued this support had not been enough, with many Pub Owing Businesses offering deferred rent, rather than a cancellation. They stressed that where a pub is unable to trade because of an event outside of their control, it was unfair to burden that business with additional debt in the form of deferred rent.

In line with evidence provided by licensees, Pub Owing Businesses also stressed that the sector had unsustainable levels of debt as a result of the pandemic, and that the vast majority of pubs would continue to operate at a loss and build further debt for some time.

## Experiences of tied tenants

Of the licensees invited to give evidence to the oral evidence session, two were tied tenants, who had very different experiences of the pandemic.

Dr Liz Hind, landlady of the Millwrights, expressed frustration with the tied model and argued that current arbitration processes were insufficient to fully address the power imbalance between tenants and pub owning businesses.

On the other hand, Helen, the landlady of the Kings Head, felt she had been well supported throughout the pandemic and that the tied model operated as intended by the Pubs Code for her businesses – despite the fact that she is not a tenant of a regulated company. She also raised that the cancellation of rent for the pubs owned by the brewery she was tied to would have come at huge cost to the brewer, who had lost revenue from beer sales on top of the cost of supporting their tenants.

This distinction between tied tenants of smaller brewing pub owning businesses, and those who were tied tenants of larger, non-brewing pub owning businesses was echoed in the survey data which provided similar evidence. For example, some businesses were reported to have refused to offer rent support unless the tenant extended their lease, sometimes including an upwards only rent review clause that would explicitly not account for the loss of revenue caused by the pandemic.

Tenants who were not tied, but had other forms of lease, such as Market Rent Only tenancies raised that they had received far lower levels of support with some stating that they had been charged full rent throughout the pandemic while tied tenants had received discounted or deferred rent.

During the oral evidence session, Dr Jed Meers gave an overview of his research which suggested that the two core principles of the Pubs Code were not realised at a national level in England as Wales outside of the specific circumstances of the pandemic.

In the written submission from the UK Pubs Observatory, there were three areas which Dr Jed Meers and Dr Liz Hind highlighted as of particular concern; that the arbitrator lacked the power to direct MRO terms where required, the short referral windows within the Pubs Code Regulations 2016, and the poor interaction between the Code and the Landlord and Tenant Act 1954, especially in relation to timetables for renewal or agreement of lease terms, and mitigation of the effect of hostile notices.

Concerns around the costs incurred by licensees and the timescales of the MRO process were echoed in the written submissions of a number of other organisations<sup>19</sup>.

## Employment

A loss of skilled workers across the whole sector was listed as another key challenge. There were a number of causes suggested, mainly pub staff taking other jobs during the pandemic – with licensees stating that they had sometimes paid NI, pension and furlough contributions for staff who had not returned to work, as well as staff who had returned to European countries as a result of the UK's departure from the EU. When discussing reopening, respondents also stated they would be forced to offer lower levels of employment than they previously had, as they did not have the turnover or financial stability for their typical staffing levels. This was the case with all staff, but hiring skilled chefs was seen as a particular challenge.

“ Respondents also talked about the need to change the image of employment in the sector to emphasise that these roles can be ‘careers’ rather than ‘jobs’. It was felt that there was a lack of information available to those entering the pub trade, and that they would like to see better training and education to attract and retain staff.

Recruitment is desperate - the hospitality industry has for too long been seen as a stop gap job for young people rather than a career path. Let's put some pride in the industry with widespread education towards career qualifications and a prospect of good wages.

- Christopher, landlord of The Talbot

The combination of zero-hours contracts and typical working hours far above 48 hour weekly working time was seen as unsustainable, as well as being incompatible with the professional image of hospitality that respondents wanted to see in the future.

During oral evidence Steven Alton of the BII called for the narrative around employment in the sector to change, and for attention to be drawn to the opportunities for professional development and entrepreneurialism.

## Digital access

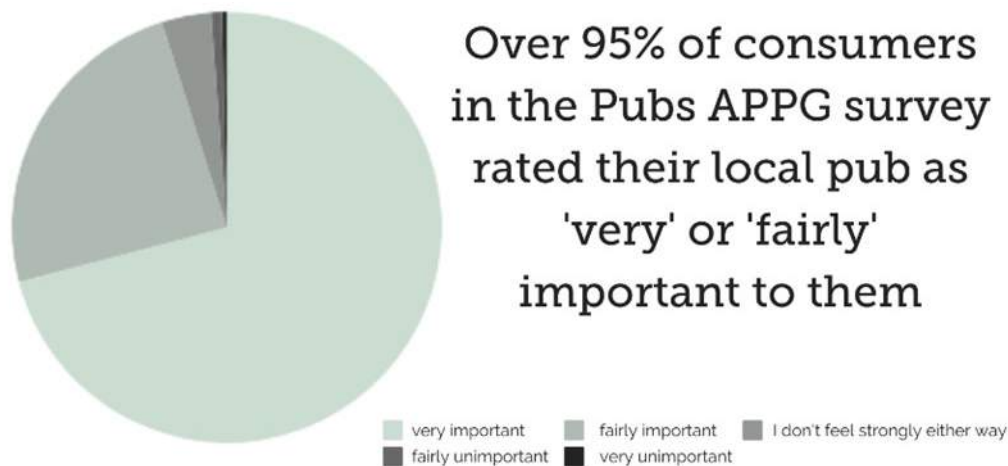
A further national issue brought up during oral evidence was the need for digitalisation. When discussing what pubs would need to thrive in the future, Karen, the landlady of the Odd Wheel stated that she was unable to access good quality WiFi, due in part to her pub's rural location. Although she had applied for a grant to increase the reach of her pub's WiFi, she had found that service providers were unaware of the scheme, and she highlighted this as an example of where a more joined-up approach to the hospitality sector would be beneficial. Karen explained that the pandemic had demonstrated that their reliance on pen and paper – along with other pubs in her area – was not functional in the 21<sup>st</sup> century. While she was researching better digital tools, she felt that there was a lack of government support and national infrastructure that would support her in modernising the running of her business.

## Communities and consumers

Here the key effect of the pandemic was on community cohesion and wellbeing, as well as having financial implications for charities, sports teams, pub's suppliers and other local businesses and groups.

### Health and wellbeing

96% of pub-goers described their local pub as very or fairly important to them, and licensees and pub staff spoke of their concern for the mental health and wellbeing of their regulars. A significant number had continued providing some kind of service to their communities, even when there was a cost to their businesses associated with doing so.



It was apparent from survey data that consumers felt the loss of social interaction and community space very deeply. Survey respondents wrote at length about the loneliness they had experienced, particularly those who had lost loved ones during the pandemic and were unable to visit the pub and access their usual social support system. Pubs were described as a 'safe haven' with survey respondents repeatedly emphasising their importance to them and their communities.

### Loss of community space

A related issue was the potential closure of pubs, which pub-goers raised as a key concern. Many feared their local might not re-open, and that this might lead to the redevelopment or demolition of the pub. The full impact of the pandemic on pub numbers is still not clear, early indications are that 5% of pub businesses (an estimated 2,500) closed in 2020<sup>20</sup> alone, and that almost 400 pubs have been lost permanently to demolition or redevelopment during the pandemic – an average of six a week<sup>21</sup>. While new and existing pubs have opened since restrictions lifted, there are many that have not, leaving communities unsure if this is a temporary or permanent closure.

While this issue was raised by a range of respondents, it was particularly acute for people who felt underrepresented in the wider pub-going population. For example, LGBTQ+ respondents commented that the venues they used were vital to the wellbeing of the LGBTQ+ community but many felt these pubs were poorly supported by policy before the pandemic, and were disproportionately likely to be closed or redeveloped.

It was felt that many pubs were either not safe or not welcoming to large segments of the population, including women, LGBTQ+ people, or those from minority ethnic groups. Respondents from these demographics were particularly keen to see the pubs they used recognised, protected and supported.

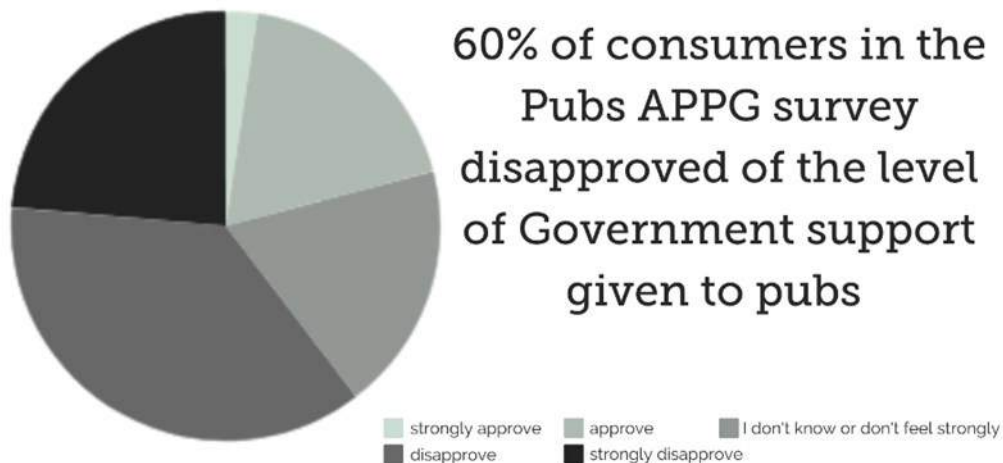
The Plunkett Foundation submitted evidence on the particular resilience of community owned pubs, and advocated for this model as a solution for saving pubs that would otherwise be at risk of permanent closure. The 800 community businesses established in the UK with the support of the Plunkett Foundation, have a 96% long term survival rate, compared to the national average of 44% for other small businesses<sup>22</sup>. For pubs specifically, the survival rate is 99%. This business model saw growth even during the pandemic, with £4.5m in community shares raised in 2020 alone. There are undoubtedly clear benefits where communities are invested and engaged with their pubs.

However, community run pubs faced a different set of challenges during the pandemic, with many struggling to access government support schemes or loan finance because of their unique business models.

There was extensive support for increased community engagement with pubs in the future, including through the Government's new Community Ownership Fund. During the oral evidence session, the Plunkett Foundation echoed this support, but called for more flexible funding criteria to allow for the development of novel and innovative projects, rather than restricting financing to the saving of existing community assets – as is currently the case.

The final community issue raised was the loss of fundraising opportunities. Licensees surveyed reported that they normally provided support for a range of community-led initiatives, including sports teams, hospices, schools, village halls, Macmillan coffee mornings, fetes, Help for Heroes and many more. Pubs also provided direct charitable support such as low-cost meals, free meeting space, bookshares, community gardens, or support for people experiencing homelessness. The need for pub closures has seen the loss of much of this activity, in addition to the community impact of the pub closure itself.

Pub-goers were asked to rate the level of UK Government support given to pubs – with just over 60% disapproving of the level of support, around 19% answering that they did not feel strongly, and 21% approving of Government support levels. These numbers were largely consistent with approval for support schemes across devolved administrations.



## Pubs and the people who run them

In many senses, the impact of the pandemic was compounded at this level. Survey respondents spoke of financial pressure, a sense of responsibility to local communities, and the mental health impact associated with the pandemic.

### Government support

The vast majority of respondents stressed that the value of pubs was not purely financial, with licensees making the point that their businesses were not hugely profitable, but that they felt the job was their vocation.



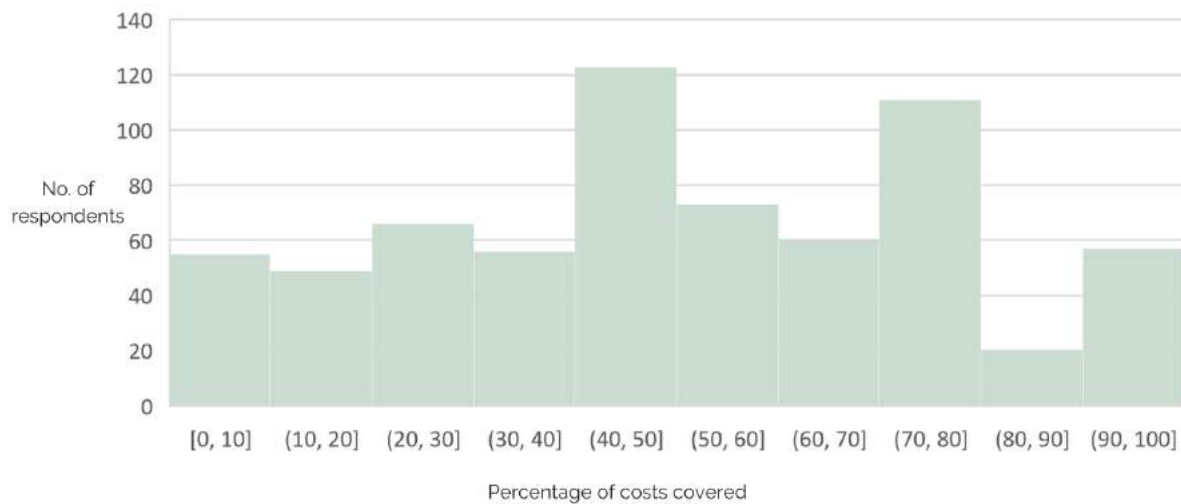
We feel that "pubs" are used more as a political shorthand rather than there being an actual understanding of the diversity of types of premises that exist. As such, whilst there are broad benefits that we experience as a much smaller individual business, when things change, invariably these are designed for and of major benefit to large chain groups rather than all premises.

– Jon, licensee at Bookshop Alehouse

Data from survey respondents showed that the financial support available during the pandemic had covered around half (54%) of fixed costs on average – with many commenting that they had made up the shortfall from personal savings or by taking on debt.

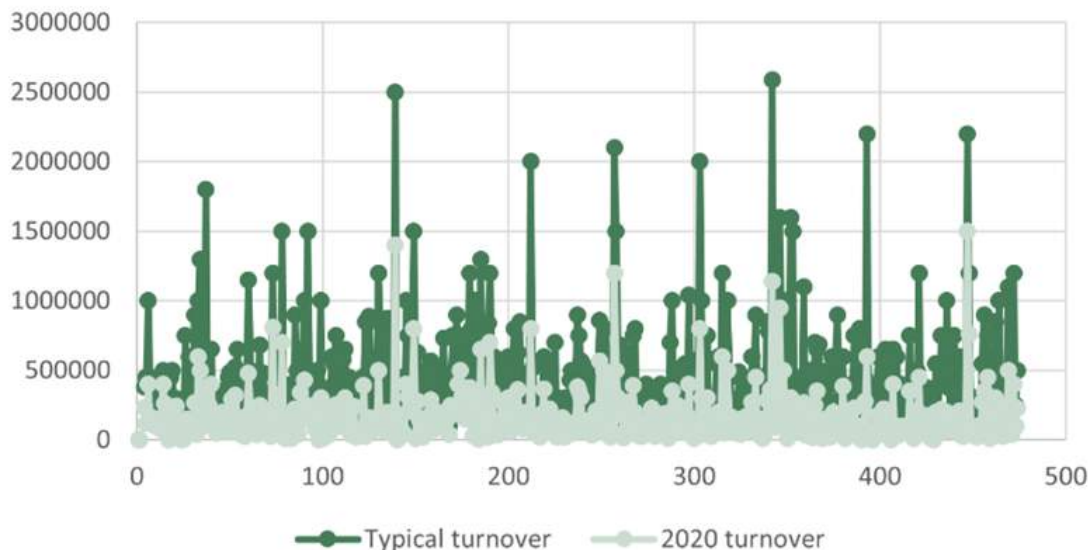
During oral evidence Alice, the landlady of Beerwolf Books, explained that her business had overheads of £5000 a month even while shut. Her own income had fallen to under £10,000 a year – less than her staff had made on furlough.

## What percentage of your fixed costs do you estimate the existing level of Government support has covered?



Survey respondents were also asked what their typical turnover was, and for their estimated turnover in 2020. The average difference between the two figures was £285,000 – or a 63% drop in turnover. Only one respondent recorded an increase in turnover (of 11%) while at the other end of the range the largest reported difference between typical and actual turnover was £1.6 million.

## Estimated typical turnover vs. 2020 turnover



A key measure raised by respondents when discussing financial pressure was the VAT cuts introduced to support the pub trade. While respondents were supportive of this measure, many felt that the cut had not been used to full advantage, as it was introduced at a time when pubs were unable to trade and had therefore not been of benefit to them. Pubs that served food had been helped by VAT cuts where they were able to open, but those that were wet-led felt that they had been excluded from support – with some suggesting that an unfavourable view of this type of pub was behind both this and the 'substantial meal' requirement.



This was often cited as an example of wider misunderstanding about the pub trade as a whole. Licensees who ran wet-led pubs stressed that they were as embedded in their communities as any other pub business and that support schemes or restrictions that focused on one type of pub over another were unfair and potentially discriminatory.

Members of staff spoke of the impact of losing their tips/ tronc and stressed that this was a key part of their earnings. One respondent estimated that furlough had left them with around 40% of their typical wage.

Witnesses at the oral evidence session also discussed the financial pressure put on their businesses. This included debt from rent and Bounce Back Loan repayments, as well as increased costs such as installing screens or other protective equipment, investing in new digital tools, or improving outdoor spaces to enable them to trade.



My regulars are not just customers, they are my friends- neighbours- family! Pubs are not just about going out drinking- they are a lifeline, a welfare check- a friendly face! People are not designed to be without social contact- it's what sets us apart as a species. And for many- this contact is the pub. Whether you drink ale, coffee or pop, it doesn't matter. We are never going to change the world or make a million quid but we can make people happier. If I wanted to make a fortune I wouldn't do what I do, we have all left very good jobs to do something we believe in more than anything!

- Licensee

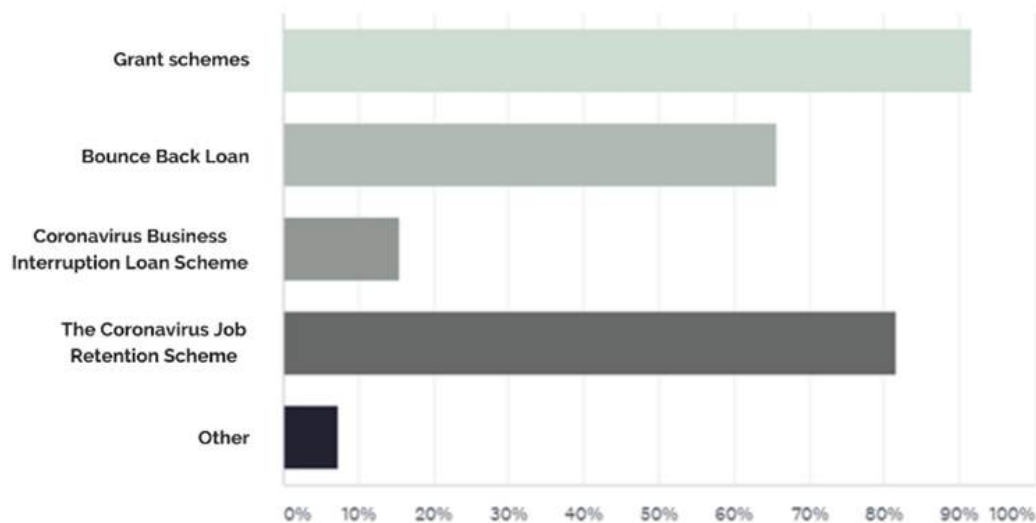
## Debt

Rent debt was a concern for pub tenants who rented both commercially and from Pub Owning Businesses.

During the oral evidence session Dr Liz Hind, landlady of the Millwrights, noted that having to negotiate for rent concessions during a pandemic had been a major source of stress as she lived in her pub, and fears of homelessness were echoed by a number of licensees who took part in the Pubs APPG survey.

Bounce Back Loans were a key concern, with over 40% of licensees<sup>23</sup> who responded to the Pubs APPG survey having taken out these loans. Licensees reported having taken on debt predicting that they would be able to return to normal trading far sooner than was possible. As such the loan was not used to 'bounce back' but to prevent permanent closure and pay fixed costs. This had left little to invest in reopening as well as increasing on-going monthly costs.

## Have you used any of the following Government support schemes?



Survey respondents requested a range of modifications to the loan scheme, including increased flexibility for repayments to conversion of the loan to a grant.

### Health and Wellbeing

Mental health, particularly loss of social interaction and purpose, were another key theme in responses. Many licensees made the point that they worked in the trade because they were inherently social people and that the loss of relationships with customers and staff had been particularly difficult to deal with. Some reported mental illness diagnoses or having to increase medication for conditions exacerbated by the stress of the pandemic, such as high blood pressure.

Many licensees reported coping with stress by focussing on supporting their communities or working on pub maintenance projects. During the oral evidence session, one licensee reported working longer hours ensuring that members of her community were supported, than she typically would running her pub.

While pubs and the people who run them have clearly been at the heart of community support throughout the pandemic, licensees also expressed that this was not sustainable – either financially, or for their mental health, and that further support was needed if the trade was to survive.



They think we sell food and drink. We don't - proper pubs sell social cohesion. The value of that should not be underestimated - we will be paying the cost of mental illness for years.

– Gill licensee at The Land of Liberty, Peace & Plenty

I'm surprised at my own mental frailties and strengths throughout this pandemic. I've worked in pubs since 1997 almost continuously and the process of dealing with the public toughens you mentally and ironically closes you off socially. I've needed this time to re-evaluate what is important to me and question my career choices. I've concluded that I'm exactly where I wanted to be before and exactly where I need to be now and that has brought a refreshed feeling in me. I want to be a publican again and I genuinely miss people. I've seen some beautiful random acts of kindness and ... I've hit some dark lows too... Moving forward I feel there's a need to step away from a job like this every few years, whether that's for a few weeks or months I don't know yet but it can become all consuming and it becomes hard to enjoy people after too much of it. People need to be with people, that's the most valuable lesson I've learnt from this crisis.

- Michael, the Pelican Inn

## The future of the trade

As detailed above, there is no level at which the pub trade has not been damaged by the COVID-19 pandemic. The BII described the combination of closures, financial pressure, staffing difficulties, increased costs, and lack of access to investment as a ‘perfect storm’ during oral evidence.

While all evidence received suggests that recovery will take years, there are undoubtedly also opportunities to create an environment in which pubs can thrive in the future. Evidence submitted to the inquiry was wide ranging and covered several policy areas, as well as expressing a desire for a cultural shift in attitudes towards pubs. While the specific recommendations made by respondents were diverse, the underlying principle was that licensees should be empowered to make decisions that benefited both their businesses and their communities.

For example, those in rural areas often called for funding that would allow pubs to diversify and offer other services such as a post office, digital hub, or small shop – all steps which would fulfil the needs of their community. On the other hand, those in urban areas often wanted to see specialisation from pubs, typically in a way which catered to a different type of community – such as funding to support live music venues, or LGBTQ+ pubs.

While this divide between diversification and specialisation may seem contradictory, it further reinforces the idea that a ‘one size fits all’ approach is not a pragmatic one. UK pubs are as diverse as the communities they serve and creating the capacity for businesses to reflect this will be vital for the future of the trade.

Relatively low levels of direct investment have the potential for a far greater impact at a local level. As noted in evidence received by the Pubs APPG, for every £1 invested in pub diversification projects, between £8.98 and £9.24 of additional social value was created<sup>24</sup>. This will be particularly vital in areas of deprivation, including rural and coastal communities, which research from the Left Behind Neighbourhoods APPG reports experienced poverty, unemployment, and poor health even before the pandemic<sup>25</sup>.

Another key theme in evidence received was consumer confidence. In the short term this meant reassuring customers that pubs are a safe environment in the post-pandemic landscape. In the longer term, the focus was on the need for greater inclusivity and accessibility.



Pubs have survived because they are a reflection of our society. As society changes, the pub has to evolve with it. In particular, we need more work to be done to make pubs more inclusive and welcoming to people other than straight white men. Pubs have become far more female friendly over the last thirty years, but I know from talking to gay and trans friends that they are often not the safe spaces they should be.

– Pete, pub-goer.

Pub-goers stated that they felt unsure about the regulations around pubs and unclear about how to return to their locals safely – despite being keen to do so. Licensees reported that while they did everything they could to provide a COVID safe environment, they had noticed some of their regulars were still hesitant to return and that constantly monitoring customer behaviour had damaged the relationship between pub and community. One respondent described the need for restrictions as having turned the ‘hospitality trade into the hostility trade’<sup>26</sup>.

A number of organisations called for government to take steps to promote pubs and pub-going in the wake of the pandemic, and for this to happen through building consumer confidence, rather than an incentive scheme as was done with ‘Eat Out to Help Out’.

Long-term consumer confidence concerns were mainly around the harassment experienced by some pub-goers. As highlighted by Dr Liz Hind during oral evidence, schemes designed to protect those experiencing harassment often do not place responsibility on the harasser. Instead, the ‘solution’ is often for those targeted with unacceptable behaviour to leave the venue.

Dr Hind stressed that the approach in her pub was a zero-tolerance policy towards discrimination of any kind which was far more effective – both as a business practice and in creating an inclusive and welcoming environment.

Also raised within the evidence was a need for a more holistic approach to pubs and the trade as a whole, with several respondents suggesting the creation of a new Ministerial portfolio to encompass the hospitality industry. As noted by the BBPA, hospitality is one of the UK’s largest industries, and the Pubs APPG would encourage government to ensure that the existing legislative framework and future policy development are rooted in engagement with a representative cross section of the whole pub trade.



It is obvious that hospitality is about the only industry of large scale that doesn't have its own representation with Government, and therefore its own voice. A spokesperson is needed!

- Arwen, landlady at the Digger's Rest

# Recommendations

Evidence submitted also contained specific concerns and recommendations relating to areas of policy and legislation.

## Tax

VAT was by far the issue raised most frequently, with businesses making the point that the timing of VAT cuts being introduced meant pubs were either closed, or operating at very limited capacity for the majority of this period. Of responses received to the survey question “What is the main thing the Government could do to support your business?”, extending VAT cuts was listed by 38% of respondents<sup>27</sup>.

An extension to the VAT cut was also called for a number of national businesses and trade organisations, including Heineken, Molson Coors Beverage Company, the Plunkett Foundation, the BII and the BBPA.

The current 12.5% rate is due to end on 31 March 2022, and it is clear that pubs trading levels will continue to be impacted by the pandemic long past this date.

**Recommendation: Extend the duration of the reduced rate of VAT for hospitality, and include all drinks to ensure that wet-led pubs can also benefit from this measure.**

The Pubs APPG welcomes recognition of the unique social and cultural contributions of pubs in the business rate measures set out in the Autumn Budget, as well as awareness that the existing system can disincentivise investment. However, a key concern raised in evidence was the use of the ‘Fair Maintainable Trade’ rating methodology for pubs, which is based largely on factors that are not taken into account for other, similar businesses.

**Recommendation: Reform the business rates regime to reduce the disproportionate burden faced by pubs due to the use of Fair Maintainable Trade.**

## Debt

Stakeholders ranging from individual licensees to the largest Pub Owing Businesses have accumulated high levels of debt during the pandemic. This takes several forms, including rent debt, Bounce Back Loans and for some licensees, credit card or other forms of personal debt. This was seen as a key barrier to success throughout the trade, with concerns ranging from fears of homelessness for licensees who lived in their pubs to the inability to invest and remain competitive.

Bounce Back Loans were a key concern for licensees, many of whom had expected to return to normal trading levels far sooner than has been possible. Ongoing debt could see the on-trade stifled in both the long and short term and addressing this swiftly will create far greater returns in investment, innovation, employment, and tax revenues.

**Recommendation: Revise the existing ‘Pay as you Grow’ scheme for Bounce Back Loans to ensure repayments are reflective of pub income.**

The second form of debt affecting pub businesses and commercial landlords was rent arrears. While a binding arbitration scheme has been outlined the details of this are not yet available.

It is particularly vital that the complexities of rent calculation in the pub trade are taken into account and that details of the scheme are made public for both licensees and commercial landlords to begin negotiating in good faith as soon as possible. Parties in these negotiations may not have access to equal resources, information, or understanding of arbitration processes and this must also be taken into account.

**Recommendation: Publish the details of the arbitration system as a priority and ensure licensees have a clear understanding of their rights.**

## The Pubs Code

Issues were raised surrounding the current operation of the Pubs Code in England and Wales, the beer tie, and access to Market Rent Only processes. While there is, at time of writing, an ongoing consultation on changes to the Pubs Code, and the second statutory review of the Code will commence next year, the Pubs APPG believes that there are impediments to core principles of the Code being met.

**Recommendation: Provide additional resources to the office of the PCA, in order to facilitate further direct engagement with tenants, and the provision of information to those using their rights under the Code.**

Going forward, the Pubs APPG would also like to see changes to primary legislation considered as part of the second statutory review of the Code.

**Recommendation: Amend legislation to improve interaction between the Pubs Code and the Landlord and Tenant Act.**

The Pubs APPG notes that a Code is currently being implemented in Scotland to give Scottish tenants similar rights to those in England and Wales. It is hoped that the Scottish Government will consider the functioning of the Pubs Code in England and Wales while drawing up the first statutory code for Scotland.

## Direct investment

The skill and passion of those already working in the trade was evident from the number, quality, and detail of the submissions made by pub staff and licensees. This point was reinforced by oral evidence given by witnesses at every level. However, evidence also raised issues of staff retention and recruitment.

Investing in the training a highly skilled hospitality workforce will have numerous benefits and the inclusion of this sector in the Lifetime Skills Guarantee is a welcome step in recognising the importance of pubs to the wider job market.

**Recommendation: Build on existing training schemes, work with trade associations to promote careers within the sector, and support pubs in paying a living wage.**

Digitisation was described as key to building resilience for pubs. However, access to digital services is not equally available across the UK, particularly for rural pubs.

**Recommendation: Invest in facilitating better collaboration between pubs and providers of both digital tools and internet access.**

The legislative framework surrounding hospitality currently encompasses a number of Government departments, and evidence suggests the sector does not feel adequately represented. Realising the full potential of pubs will require a joined-up approach and as the Community Pubs Minister position no longer exists within the Ministry of Housing, Communities and Local Government, the Pubs APPG believes there is an opportunity to create a new portfolio. Legislation affecting the sector also covers a number of devolved policy areas and coordination between devolved and UK governments would benefit pubs.

**Recommendation: Create a Pubs Minister, to sit between BEIS and MHCLG, whose portfolio would ensure a coordinated approach to relevant legislation.**

While consumers are keen to return to the pub, many are concerned about safety, or uncertain about whether restrictions are still in place. The media focus on pubs as a “visual shorthand for risk” has severely dented consumer confidence, and the Pubs APPG would welcome Government taking steps to address this.

**Recommendation: Launch a consumer confidence campaign to encourage pub-going.**

The sector is also home to incredible entrepreneurialism, with thousands of small, often family-run businesses, at its heart.

We now need to see the introduction of long-term structural changes that will not only allow the sector to recover from the lasting damage of the past year but also be a catalyst for growth in every part of the country.

- Molson Coors Beverage Company



## Conclusion

The pressure put on pubs by the pandemic is extensive, but the sector has the potential to facilitate economic growth, job creation, innovation, community cohesion and mental wellbeing. A thriving pub sector is vital to the prosperity of the UK, and they represent far more than just a place to drink. The Government support received by the trade throughout the pandemic has been critical, and the Pubs APPG feels it is vital that this investment does not fall short of the amount needed to generate a return. Long term, structural change must happen to ensure the sector can recover, grow and facilitate wider economic benefits.

Raising the bar will mean engaging with the trade at every level and supporting pubs' unique nature. Those who responded to the Pubs APPG call for evidence demonstrated the passion and commitment of the sector, as well as their ability to bring communities together in a way no other business can.

The Pubs APPG hopes that this report will be a catalyst for a fresh approach to the legislative framework which pubs operate within. By empowering those who know the sector best to engage with their customers, diversify their businesses, build highly skilled teams, and invest when they see new opportunities, our nations pubs can play a key role in recovery from the pandemic.

# References

- 1: BBPA Pubs APPG submission
- 2: Total sample size 1,146 licensees
- 3: Part time staff counted as 0.5. Owners, managers, and licensees excluded.
- 4: SIBA Pubs APPG submission
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- 6: <https://www.vam.ac.uk/blog/design-and-society/pandemic-objects-the-pub>
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- 8: Cask Marque Pubs with Accommodation Report 2017
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10. Dr Claire Markham Pubs APPG submission
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