



**Plunkett
Foundation**

www.plunkett.co.uk

COMMUNITY PUBS

A BETTER FORM OF BUSINESS
2021



About this publication

This publication provides quantitative and qualitative information about the size, characteristics and performance of the community pub sector in the UK. This is the seventh of such reports, building on what we now know about the sector as it becomes ever more established.

The report now serves as a resource for new groups, a benchmarking tool for existing community pubs, and is used by funders and support organisations (including the Plunkett Foundation) to future-proof services and investment decisions concerning community pubs.

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

We hope that communities, support bodies and others will use the information in this publication and be inspired by the achievements of this growing sector.

Methodology

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

The data was gathered from:

- Plunkett Foundation records that have been monitoring and recording all community pubs activity in the UK over the past eight years
- Statutory data sourced from the Financial Conduct Authority and Companies House
- A survey with 57 responses via electronic questionnaires (where response numbers differ for individual questions in the survey, this has been noted)
- Four UK-wide focus groups of community pubs to validate and illuminate findings.

The data is based on the number and status of pubs trading at the end of 2020. Community pubs will occasionally transition to private ownership, at which point they cease to be recorded as community-owned. However, their historical data is retained within the record as they have still been saved and preserved by their communities, no matter who is running them several years later.

KEY FACTS IN 2020:

- The community pub sector grew by **11%** with **13** new pubs opening during the year
- **133** known community pubs in total were trading across the UK at the end of the year
- The number of new enquiries to Plunkett from communities exploring community pub ownership was **155**
- The amount raised by all 13 newly opening community pubs was approximately **£2.7 million** from **2,616** new community shareholders
- The average cost of purchasing a community pub during 2020 was **£293,953** and the average amount spent on renovations and refurbishment was **£160,384**
- Approximately **60%** of capital required for the start-ups was sourced from community shares
- The overall survival rate remains high at **99%**
- **84%** of community pubs responding to the survey are feeling confident or very confident about the coming months

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Foreword

2020 was a year like no other for pubs and the wider hospitality sector. They were faced with an almost constant stream of lockdowns, restrictions and other challenges such as self-isolating staff and volunteers and disruption to supply chains. The response of community-owned pubs was and continues to be nothing short of remarkable. They truly embodied the “More than a Pub” ethos, with many finding new ways to serve their community. They put the wellbeing of their neighbours at the forefront of their response, through local efforts and initiatives that made sure that those who were most vulnerable and at risk of becoming isolated were supported and safe.

It is fantastic to have now returned to a time when these businesses can trade freely once more, but the impact of the pandemic will have a lasting effect – not only on pubs but also on wider society. The value of having access to a local business appears to now receive greater appreciation than it did pre-pandemic. Whilst customer habits may have changed, the role of community-owned pubs as local multi-service hubs remains hugely important. Furthermore, the positive responses from 84% of the pubs responding to this year’s Better Business surveys shows there is a cautious optimism about the future of the sector.

What cannot be ignored is that the pandemic has been catastrophic for the wider pub sector, with the trend of closures being far worse because of the restricted trade experienced last year. Community-owned pubs were not immune to this either. Community ownership is, however, increasingly seen as a real opportunity to save businesses at risk of being lost. This growing movement of community-led projects looking to take over their local pub has been further buoyed by the announcement of the Community Ownership Fund in the spring of this year – which brings additional funding to back more grassroots groups to achieve their community-ownership ambitions.

Despite all that was happening in 2020, 13 new community pubs opened their doors for the first time. This is a phenomenal achievement in many ways – not least because of the commitment of the volunteers behind these projects remaining



motivated to achieve their aims despite the additional challenges presented by the pandemic. What remains evident for all these successful projects, is that they were all about more than simply saving an asset. The opportunities that the community-ownership of a pub brings about in terms of positive societal, economic and environmental change means that these are forward thinking projects, achieving a valuable future legacy.

I am so pleased to write the foreword for this year’s Better Business research, not only reflecting on what has happened in relation to the COVID-19 crisis, but also being part of an ongoing celebration of community pubs contributing to their community. Here is to a fantastic year ahead, and I hope that the crisis we have all endured serves to remind of us of how important these local institutions are. We missed them when we could not visit, and we must now support them going forward.



Martin Collett
Trustee of the
Plunkett Foundation

What is a community pub?

Since 1919, the Plunkett Foundation has been helping communities to take control of assets and services that are important to them, to enable them to deliver wider social, economic and environmental benefits.

A community pub is just that – it is a business owned and controlled by people from within the community for community benefit.

Community pubs are owned by members (also known as shareholders) and are run democratically on the basis of one-member-one-vote.

Membership is voluntary, affordable, and open to all in a community, and is the mechanism for ensuring the community has a genuine say in how the business is run. This is what gives community pubs longevity, as member control and input ensures the pub business is continually adapting and serving the needs of its members and wider community.



▣ Upton Community Shop at the White Horse, Norfolk

Once in community ownership, an elected committee or board will continue to represent the wider membership and determine how the business is managed. The committee will either delegate the day-to-day management of the business to a team of paid staff and volunteers, or sublet to a tenant who will operate the business within a framework set by the community. In the majority of cases, community pubs are not just a place to eat and drink: they provide a wide range



INSIGHT: THE PHEASANT AT NEENTON NEAR BRIDGNORTH, SHROPSHIRE

Closed in 2006 the Pheasant was near derelict when Neenton Community Society purchased the pub in 2013. With plans for a full restoration and extension the community group joined forces with a housing association to create seven houses on adjoining land and transformed the Pheasant into an award-winning successful community business. Today the Pheasant serves some of the best food in Shropshire, provides a community and function room when required, a play area, village parking and offers valuable employment and training to local young people.

Since the pub opened in 2014 it has employed around 50 local young people, mainly ranging in age from 15 to 20 years old. John Pickup, Chair and a Director of the Community Benefit Society, commented: "We employ 5 full time staff and ten part-time employees. Many start work in their teens and receive great training and hospitality experience from our head chef and pub managers.

"The pub has brought new life to the village – it's a place people want to stay and where young people can be locally employed, helping them to gain work experience and develop life skills. Saving the Pheasant wasn't just about saving the last pub in the village – it was the last *anything*. We had no school, no village hall and no shop. Restoring it gave the village a future."

of additional services such as shops, post offices, cafés; they become a hive of community and voluntary activity providing space for clubs and societies; they enrich the local cultural scene by promoting live music, performances and events, the arts, and traditional pub sports; they actively promote inclusion and look out for those most vulnerable in society; and they play an active role in addressing isolation and loneliness through the creation of social and volunteering opportunities.

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Community pubs and the pandemic



▲ The Cornwood Inn, Devon, re-opened under community ownership in October 2020

Just like any business operating in the hospitality sector, community pubs have had a challenging year to say the least. They have endured significant restrictions to their trade, and are now facing ongoing issues such as recruiting and retaining staff.

There has also been an inevitable impact on the health (including mental health) of those involved in running these businesses – staff, volunteers, tenants and management committees – not only due to their efforts to keep the business afloat, but also because of their tireless support for their local communities that has been so apparent through the setting up of new delivery services, pop-up shops, food distribution hubs, prescription collection services and online social events. During the pandemic, community pubs were essential for providing these key services, as well as protecting the vulnerable and preventing isolation. They acted as a hub for the community to rally around, a conduit for organising volunteers and mutual aid.

Despite the enormous obstacles thrown at them last year, community pubs have shown extraordinary resilience during the pandemic. In some respects, this is no surprise. Community pubs are often established in response to a crisis: the threat of the closure of a valuable community asset. After battling to save their pub once, communities will not let it go easily again.

Community pubs operate a diverse business model – they are “more than a pub”. They are in touch with the needs of their community and are ready to adapt in the face of rapidly changing circumstances. Trends towards diversification in the wider pub sector, as a means of supporting business survival and growth, have already been championed by community pubs for years. Particularly in rural areas, community pubs can be the last remaining asset in the village that provides access to services and amenities.

Community support has also been paramount to increasing a pub’s chances of survival. When

some community pubs needed to change their interior layout or create outdoor seating areas in response to social distancing restrictions, a number of them were able to recruit local volunteers to help with this. Some pub groups also took the opportunity to make improvements to other parts of their premises, such as setting up guest rooms in anticipation of renewed income from domestic tourists. Volunteer help and resourcefulness reduced some of the costs that this work would have had for the business, and the improvements will continue to benefit the community even as trading restrictions ease.

It is in light of this community focus and support that community-owned pubs feel confident about the future. Strikingly, and in spite of the huge setbacks they have faced, the majority of survey respondents said that they were “confident” or “very confident” about the next 12 months – a marked improvement on confidence levels in the spring of 2020.

The financial impacts of COVID-19 on community pubs cannot be understated, however. Even with community support, financial support (in the form of UK Government-backed loans, discretionary rate reliefs and grant funding) was unquestionably necessary to protect pubs from the worst of the pandemic’s economic fallout. During the summer of 2020, Plunkett Foundation also worked with Power to Change to deliver more than £415,000 in COVID-19 emergency funding, which provided additional support to a number of community pubs in England. There have also been numerous policy issues affecting community pubs that Plunkett has raised in its advocacy activities. These have included problems accessing government support, difficulties with loan providers not readily understanding the community business model, and support for new or developing community businesses being cut as funders and other infrastructure bodies diverted their support to open businesses. Plunkett continues to campaign for a fairer deal in national policy for community pubs, voiced through our [Community Pubs Campaign](#).

Community pubs are only at the beginning of a long road to recovery from the pandemic, so it is perhaps too early to estimate the long-term impact on the sector. However, from our findings this year, we have cause to be cautiously optimistic. Confidence levels, and a number of new openings in 2021, offer a hopeful indication that the sector is bouncing back.

INSIGHT: THE GREEN DRAGON, EXELBY, NORTH YORKSHIRE

The Green Dragon in Exelby became a community-owned pub in 2018 when the pub-chain owners decided to sell it for development. It is the only pub in the village and under community ownership it is now also a café, B&B and shop.

During the pandemic’s severe restrictions the Green Dragon maximised the use of its outdoor space through installing three high quality igloos and even managed to expand its operations. John Walker, Committee Secretary, commented: “We expanded our garden area and created a new community garden in which we’re able to offer additional space for celebrations. We’ve just had our first wedding reception and have two folk clubs meeting regularly outside now.

“The work on the new community garden has involved so many volunteers that it has been a beacon of light for many in an otherwise challenging year. With it we’ve developed two new gardening groups and it has become a place of refuge and inspiration for many of our locals.”



▲ The Green Dragon, Exelby expanded its operations including the installation of beer garden igloos

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Growth in 2020



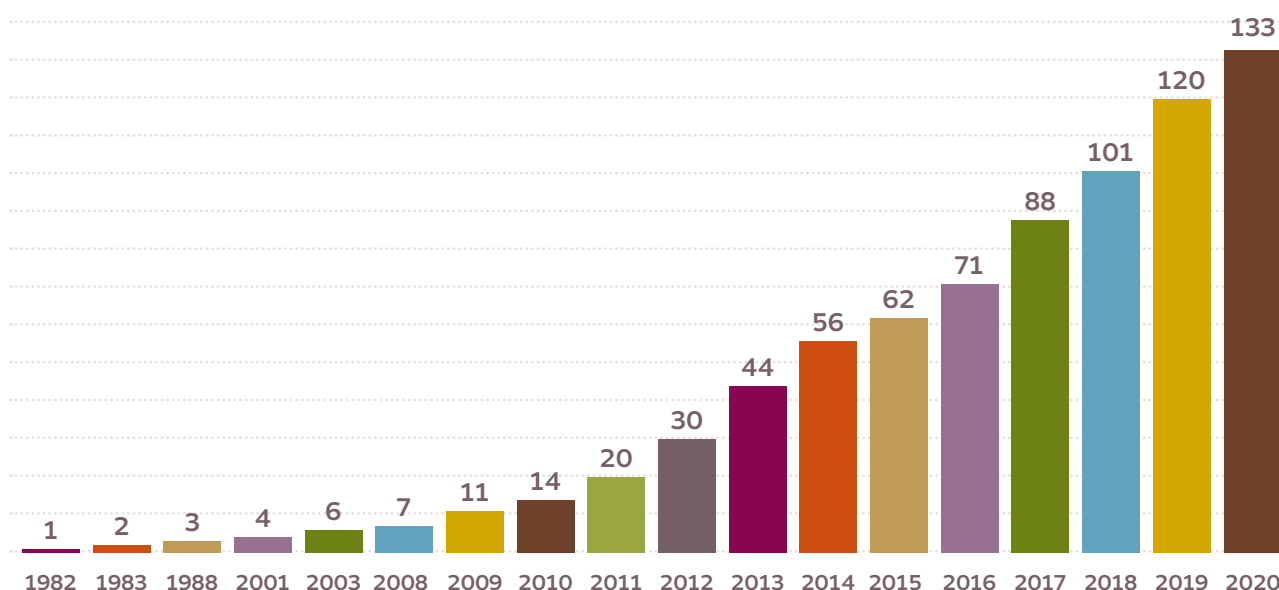
▼ The Beeston Ploughshare, Norfolk, also houses a community shop

2.1 Sector size

Still a relatively small business sector, the community pub movement has been growing steadily during the last decade, helped by various positive interventions:

- The ability conferred by the 2011 Localism Act for communities in England to register pubs as Assets of Community Value, giving them greater planning protection against possible demolition or conversion
- Plunkett's dedicated programme of support in England, called More Than a Pub (with partners CAMRA, Pub is the Hub, Locality, Co-operative Mutual Solutions, Co-operative & Community Finance, and Key Fund). This is a package of advisory support and blended finance (i.e. a combination of loans and grants), funded by Power to Change and the Ministry of Housing, Communities and Local Government (now renamed to the Department for Levelling Up, Housing and Communities). It continued to run in 2020, and has undoubtedly contributed to the upward trend
- The 2015 Scottish Community Empowerment Act and the availability of the Scottish Land Fund to support the purchase of assets such as pubs for community benefit
- Dedicated programmes of support relating to the use of community share finance operating in England, Scotland and Wales
- An increase in institutional investment via equity match funding (whereby a social investment organisation will purchase community shares to match those bought by the community, to a set level).

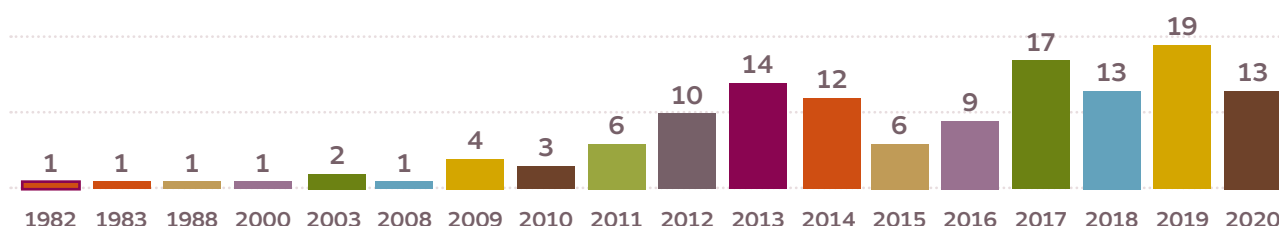
FIGURE 2.1
CUMULATIVE NUMBER OF COMMUNITY PUBS TRADING BY YEAR



Source: Plunkett Foundation records.

Note: Figures 2.1 and 2.2. have been updated to include three pubs that opened before 2020. Excludes pubs known to have passed out of community ownership.

FIGURE 2.2
NUMBER OF COMMUNITY PUBS OPENING BY YEAR



Source: Plunkett Foundation records. (Excludes any subsequent closures)

In 2020:

- The sector grew by 11%
- 13 community pubs opened, bringing the total number trading as community owned to 133 by 31 December 2020.

In spite of the restrictions that prevented pubs opening in 2020, the figure of new pubs opening remains healthy and comparable to previous years.

Although a few pubs have transferred out of community control in to private ownership, only one community pub business has failed to date. Given the challenges in running a pub, the 99% survival rate for community pubs represents a notable achievement. The five-year survival rate for an average SME is 44%.¹

2.2 Regional distribution

The distribution of community pubs shows the highest density in South East England and East of England (with more modest numbers distributed across the rest of England and Wales.

By comparison, Scotland has very few community pubs (five recorded in July 2021), and Northern Ireland does not appear yet to have embraced the community pub movement, with no community pubs at this time. However, there are currently 27 groups in Scotland that are looking to establish a community pub, with two thirds of these getting in touch in the last two years. Given the increasing interest, we hope to see the sector grow in Scotland.

¹. Figure based on data between 2011 and 2016 from Office for National Statistics www.ons.gov.uk/businessindustryandtrade/business/

In Wales, it must be noted that whilst relatively few new community pubs have opened in the recent years, the sector remains stable. A total of 29 groups are currently considering setting up a community pub in Wales, with over half of these first contacting us since 2019. As with Scotland, there seems to have been a recent upsurge in interest which will hopefully translate into growth for the sector in Wales.

Existing data does not explain variations in the distribution of community pubs, but it would be reasonable to attribute differences to factors such as:

- A cluster effect, where successful community pubs can act as a model to inspire other relatively local communities to ‘have a go’
- Variations in the wealth of regional populations, considering that the majority of pub acquisitions generally involve purchase of a significant asset via shared ownership

- Community capacity – such as time and confidence to take on the project

- The More than a Pub Programme, funded by Power to Change, was dedicated to community pubs in England (as Power to Change is an England-based organisation). However, the success and high profile of the programme seems to have contributed to the rising interest in the last two years from Scottish and Welsh communities, and Plunkett has supported these groups through other funding streams.

The evidence suggests that the existence or accessibility of other pubs locally is not a material factor. According to the 2021 Plunkett Foundation Community Pub Survey, most community pubs are within 2 miles or less miles of another pub (38 out of 57 respondents, with a further 17 out of 57 pubs within 3 to 4 miles, and another two 5 to 6 miles distant).

FIGURE 2.3
DISTRIBUTION OF COMMUNITY PUBS BY LOCATION

Location	Total existing pubs trading end of 2019	New openings in 2020	Total* to date	% of pubs by region in 2020 (2019 in brackets)	
South West England	9	4	13	10%	(8%)
South East England	27	2	29	22%	(23%)
London	4	–	4	3%	(3%)
East of England	24	2	26	19.5%	(20%)
West Midlands	10	–	10	7.5%	(8%)
East Midlands	11	1	12	9%	(9%)
Yorkshire & Humber	8	2	10	7.5%	(7%)
North West England	10	–	10	7.5%	(8%)
North East England	3	1	4	3%	(2.5%)
Wales	11	–	11	8%	(9%)
Scotland	3	1	4	3%	(2.5%)
Northern Ireland	–	–	–	–	–
Total	120	13	133	100%	

Source: Plunkett Foundation records

* Excludes 1 closure in 2020

2.3 New pubs opening in 2020

Of the 13 new community pubs opening in 2020, 10 (77%) purchased their premises, with the remainder leasing, one of which is on a peppercorn rent. The finance required was mostly raised by community share offers, representing around 60% of the total cost of purchase, refurbishment and working capital. There was wide variation, with the lowest recording 3% by this means (having received generous grants from Scottish Land Fund and other organisations) and the highest exceeding their target and raising 106% of the total amount required. The average cost of purchasing a community pub during 2020 was £293,953 and the average set-up cost was £160,384, but with wide variations. These figures exclude two pubs where this information was not

available, and one pub which has not been able to launch its share offer yet.

Some of those communities that are leasing their pubs still have had to find high levels of finance to refurbish the premises, and have used community shares for that purpose.

The total share capital raised by the 13 community pubs opening in 2020 was approximately £2.7 million from just over 2,600 community shareholders.

Approximately £801,500 was raised in loans and mortgages. A further £2,270,287 came from grants and other fundraising.

Most of the pubs needed to borrow, with three taking out mortgages in excess of £80,000. This reflects the pattern found in previous years.

INSIGHT: THE KINGS ARMS, BALLANTRAE, SOUTH AYRSHIRE

At the height of the pandemic, in September 2020, the community of Ballantrae in Scotland took ownership of their last remaining pub – an 18th century building that lay at the very centre of the village. Their aim was to transform this historic building and former hotel into a community pub and hub.

The Ballantrae Trust, a limited company and charity, consulted the community and plans were drawn up to restore the building and establish a friendly local where villagers could meet at any time of the day, a place to eat and drink without having to travel, that offered café facilities and where regular meetings and celebrations could take place.

Andy McAlpine, a founding member of the Interim Management Committee, said: “The Trust couldn’t take on licensed premises itself so we quickly formed a sub-committee and created a Community Benefit Society to offer shares in the King’s Arms. From that early public consultation we had an amazing amount of support from villagers and their families and friends and in response to this we were determined to make our shares as affordable as possible.”

As part of their creative social media campaign, the pub group had posted pictures of local landmarks drawn by the pupils at Ballantrae Primary School, which helped to promote the share offer.



Even with COVID-19 restrictions in place, the group successfully recruited more than 220 people to invest over £60,000 and they are now working towards reaching £130,000 to continue renovations and improvements to make the business more sustainable in the future.*

“Our biggest challenge was trying to get ready for opening and run our share offer at the same time – this was a huge undertaking. Now we’re really pleased to have been open since the end of April for wet sales and are now serving food. Our next major challenge is to raise enough money to upgrade the bedrooms to be able to provide overnight accommodation for visitors and tourists throughout the year.”

**As the King’s Arms opened in April 2021, its share offer will be included in the 2022 Better Business report.*

2.4 Closures in 2020

2020 saw the first business failure of a community-owned pub. The closure came about as a result of multiple factors arising prior to 2020, including insufficient member engagement, governance difficulties and business management. Prior to the onset of COVID-19 restrictions in March 2020, the committee had been working hard to address the historic issues. However, a decision was taken in the summer of 2020 to close for good as operating under the restrictions brought about by the pandemic, with no end date in sight, was not sustainable in the long term.

2.5 New activity

There were 155 enquiries from new groups looking to set up a community-owned pub were made to the Plunkett Foundation in 2020, forming 49% of enquiries received by the Foundation. This is a modest increase on the 2019 figures, when enquiries from new pub groups represented 43% of the total. In comparison to other types of community business, such as shops, the proportion of enquiries from new pub groups is greater, as is to be expected from a growing sector.

By contrast, the pandemic has worsened the ongoing trend of closures in the wider pub sector. The British Beer and Pub Association estimated that around 2000 pubs closed in 2020, more than double the number closing in 2019. The Altus Group also estimate that 446 pubs closed for good in 2020, to be converted or demolished. In light of the rising number of pub closures, the increase in enquiries from communities looking to take their pub into community ownership may be set to continue.

Plunkett data shows that of all enquiries made, around 1 in 10 pub projects will go on to trading. The projects can be delayed because community pubs are faced with a number of unique challenges prior to opening, such as:

- High guide price to purchase the asset
- Often significant renovation and refurbishment costs to add to the start-up target
- Limited time period in which to raise the required finance
- Increased competition from other speculative purchasers
- Less likely to set up a pub in an alternative building or as a new build project
- More complex business planning process required owing to multi-stranded income streams.

There is generally quite a lengthy period of time for a community pub project to proceed from the initial idea through to trading. Many months can elapse during the fundraising, negotiations and any necessary refurbishments and there are often notable pauses between engaging the community, creating a legal structure and opening the pub. Frequently a community in England will register their pub as an Asset of Community Value (ACV) before incorporating, and several years can elapse before a successful acquisition. Of the 2020 newly opening pubs, the majority (62%) had set up as incorporated legal entities one or more years before commencing trading (with one pub having seven years between its incorporation date and opening the pub).



■ The pub garden at the Spotted Cow, Holbrook, Derbyshire

3

Business model

3.1 Legal structures

Community pubs trade, employ staff or tenants, manage volunteers, and enter into contracts and financial agreements. Therefore, they require a legal entity to protect the individuals running the business by giving them 'limited liability', and to ensure they are compliant with legal necessities such as tax, insurance, trading standards and employment rights.

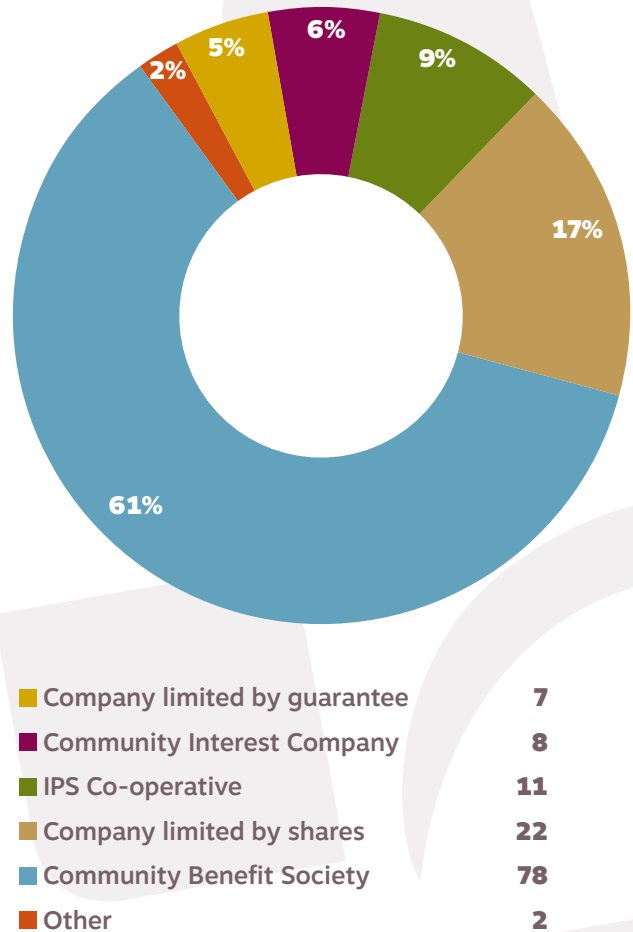
Plunkett recommends that community pubs adopt legal structures which enable genuine community ownership with equal and democratic control. This would include:

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

Legal structures which allow for this include the Community Benefit Society (CBS), Co-operative Society, Company Limited by Guarantee and Community Interest Company, and may also include the Private Company Limited by Shares if the above criteria can be established. Of the 128 available records:

- 89 (70%) operate as a Co-operative (10) or Community Benefit Society (79)
- 8 operate as a Company Limited by Guarantee (6%)
- 8 operate as a Community Interest Community (6%)
- 22 operate as a Company Limited by Shares (17%).

FIGURE 3.1
COMMUNITY PUBS: LEGAL STRUCTURES



Source: Plunkett Foundation from 128 available records



Plunkett Foundation Records for 2017, 2018 and 2019 show that out of 35 pubs incorporated in these years, 28 were created as Community Benefit Societies (80%). Of the six community pubs incorporated in 2020, five adopted the CBS model. The growing popularity of the CBS model is most likely due to the fact that it exists to benefit the wider and collective interests of a community and is also an excellent vehicle for community investment.

In the 2021 Plunkett survey, 56 out of 57 responding pubs are located within what was previously a pub, with the exception of the Tommy Flowers micropub in London, which was previously a florist and a GP surgery. 51 (89%) are recorded as having premises that are owned by the community which means a great deal of capital needed to be raised, so a suitable legal structure would have been essential. A further five pubs responding to the survey (10%) are leased by the community (three of which pay a peppercorn rent).

3.2 Links with parish councils

Last year, Plunkett produced a [*Good Councillor's Guide to Community Business*](#), commissioned by the National Association of Local Councils and Power to Change, to raise awareness of the benefits of community ownership and encourage more proactive relationships between local councils and community businesses.

49 (86%) responding pubs reported that they have no formal relationship with their Parish, Town or Community Council. One responding pub is owned by the parish council and leased to the community business, and another pub is in shared ownership with the parish council (on a 50 / 50 basis). 6 (10%) responding pubs have other links, mostly where

parish councillors are shareholders, and in one case a councillor is a member of the pub management committee.

According to Plunkett records as of July 2021, there are five community pubs owned by the parish council – either leased to or managed by a CBS (2), or owned outright by the parish council (3). As the latter three pubs are not a business that is owned and run by the community, or directly accountable to the community, we have excluded them from the total of 133 trading community-owned pubs.

3.3 Managers and tenants

There are effectively two routes for pubs to follow – the “managed” model (the community appoints a manager, directly employed and accountable to the board or management committee) or the “tenanted” model (the community leases the premises to a tenant landlord, and charges rent).

According to 130 available Plunkett records in July 2021:

- 66 pubs (51%) are with or without volunteer support
- 6 pubs (5%) are managed by volunteers with no paid staff recorded
- 58 pubs (45%) are tenanted.

Of the 13 new pubs that opened in 2020:

- 5 pubs (36%) are managed by paid staff with or without volunteer support
- 8 pubs (57%) are tenanted
- 1 pub (7%) is managed by volunteers with no paid staff recorded.

The decision to opt for one or other of the two models revolves around a variety of factors:

- A community group that has worked hard to acquire the pub can prefer to have more control over its future and the services offered, via the direct employer-employee relationship with their pub manager
- The managed model (unlike the tenanted model) is usually considered an eligible type of business to offer tax relief on shares (such as SITR) subject to certain conditions, which is a financial incentive to investors during fundraising for acquisition
- There is a perceived difficulty of replacing (or confronting in the case of problems) a less than successful tenant, as compared to a manager
- On the other hand, it is a considerable amount of work to manage a pub business and needs a good level of experience and business knowledge, which can be challenging for a community group
- Experienced publicans often prefer the more independent and self-reliant role of tenant rather than being on the payroll, therefore a group seeking a manager may find the pool of prospective candidates is limited.

3.3.1 Relationship with tenants

A modest sample (25) of responses to the 2021 Plunkett survey by committees of tenanted community pubs broadly showed satisfaction with the tenanted model, with 64% (16) reporting satisfaction with the arrangement, and 28% (7) saying that they were satisfied but with reservations. Community satisfaction with tenants was considered to be at a similar level, with 76% of responding pubs saying that their community were very satisfied (12) or broadly content (7) with the tenants.

On the whole, management committees seem to be quite involved with their tenants, with 17 responding pubs (68%) saying that they worked closely with their tenants and/or have regular oversight meetings. 10 pubs (40%) said that they delegate responsibility to their tenants, whether or not they had regular meetings with them. From the survey responses, it is clear that the professional expertise of tenants is highly valued even in cases where management committees want to remain closely involved in the day-to-day running of the pub.

Success or failure of the tenanted model can depend on a constructive and effective working

INSIGHT: THE PLOUGH, TROTTCISCLIFFE, KENT

As tenants at the Plough in Trottiscliffe, the Yates family have a long history of working within the pub sector. Alex Yates is the Plough's head chef and his father David and grandmother Jane run and organise the pub. Their first year of tenancy in 2020 has undoubtedly been challenging – they've had to be flexible, first making use of the Government's furlough scheme and changing and adapting to the needs of their community throughout. The pub's management committee agreed a rent holiday which reduced the pressure on the family and enabled them to plan ahead as restrictions across the country continued.

During the restrictions the tenants offered free weekly meals – asking people to make a donation to a village charity. This was a way of reaching out and keeping locals connected, with the pub and with each other. They also offered ingredient packs for people to try their own special Valentines and Mother's Day meals at home.

As the restrictions were gradually lifted the pub created an outdoor space where people could safely social distance under cover and use the pub's garden. The space had always been needed, and COVID-19 prompted them to develop it sooner. Now, pub-goers will be able to enjoy the outdoor seating for years to come.

relationship, with good communication between the committees and the pub tenant. Comments from the focus groups backed up these findings, with most pubs reporting that their tenants had responded well to changing community needs during the crisis, whereas some reported that tenants were more independent of the management committee or less directly engaged with the community, which in turn impacted the pub's success at adapting its business under restricted trading.

Community pubs have been supportive of their tenants during the pandemic, with 84% of responding tenanted pubs (21) offering their tenants a rent holiday. This was supported financially by loans or grants, but in some cases the rent holiday was offered even if it was detrimental to the business's reserves. The

commitment to offer rent holidays is evidence of the generally good relationships between management committees and tenants. Focus group attendees and survey respondents made the point that keeping the tenants in business was a priority for ensuring the survival of the pub and its services to the community.

A small number of tenants (4) provided feedback in a survey on their relationship with their management committees. Most were satisfied with their relationship, with only one expressing some concerns about committee members offering help, but not always the help that was required. However, all four tenants agreed that there were advantages to leasing a community-owned pub, for a number of reasons. In order of importance, these were:

- Tenants may be treated more fairly than in the private sector
- Tenants have the chance to be involved in supporting the community
- Community ownership means the future of the pub is more secure
- Customers have greater loyalty to the pub
- The business can adapt more quickly/easily
- The management committee has been supportive.

3.4 Membership and shares

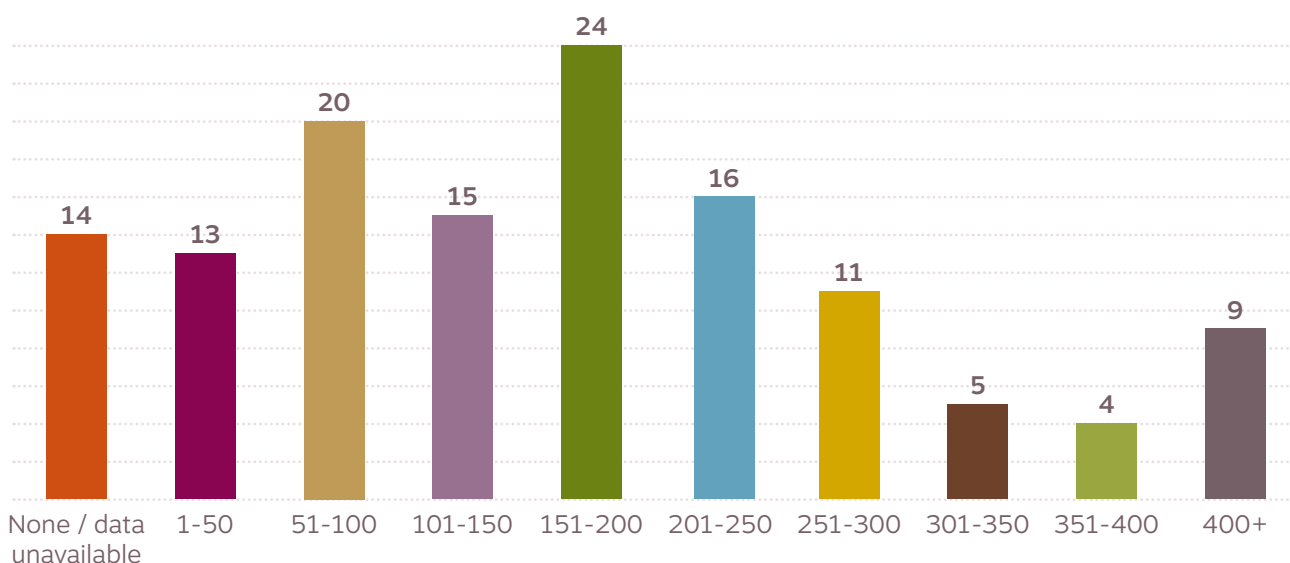
A principal tenet of a community pub is that it exists to serve the people in the area who would be disadvantaged without it, and membership ensures a wide and inclusive participation. All of the pubs classified as “community pubs” in this report have a membership of differing size, principally decided by their legal structure. Generally, the CBS structure encourages and promotes the largest membership. Examining 112 available records (from FCA and Companies House data), a mixture of both managed and tenanted pubs:

- 10% have under 50 shareholders
- 45% have 51 – 200 shareholders
- 34% have more than 200 shareholders.

112 available records show a total of more than 22,000 members / shareholders. A crude estimate for all 133 known community pubs suggests that some 24,000+ people have invested in community pubs with an average of 190 investors / members / shareholders per pub.

111 available records show a total shareholder investment of £24m. A crude estimate for all 133 known community pubs suggests a total shareholder investment in the sector of some £27m (these figures cover Ordinary Shares as Called Up Share Capital that are contained in public FCA AR30 and Company House records and exclude preference shares or other such arrangements).

FIGURE 3.2
NUMBER OF COMMUNITY Pubs IN SHAREHOLDER BAND



Source: FCA AR30 returns and Companies House data from 131 records using latest available data



Photo: Melvyn Cole

▣ Returning customers at the Raven Inn in Llanarmon-yn-Lal, Denbighshire.

FIGURE 3.3
SHARE CAPITAL DISTRIBUTION BY BAND



Source: Most recent FCA AR30 records and Companies House data from 131 records

4

More than a Pub

4.1 Services and activities

Many community-owned pubs aim to offer “more than” the traditional food and drink services. They offer a wide diversity of other services and activities too that are tailored to their communities, through adapting their physical space to best suit these extra functions. For example, from 57 responses to the 2021 survey, reflecting on life before COVID-19:

- 39 (68%) provide a community meeting space
- 19 (33%) raise funds for local charities or good causes
- 20 (35%) are a base for ‘healthy’ physical activities such as walking or cycling
- 33 (58%) source food locally
- 12 (21%) have a community garden
- 13 (23%) offer affordable lunch or supper clubs.

Most community pubs offer food, through a restaurant, bar food menu or café as this is a good

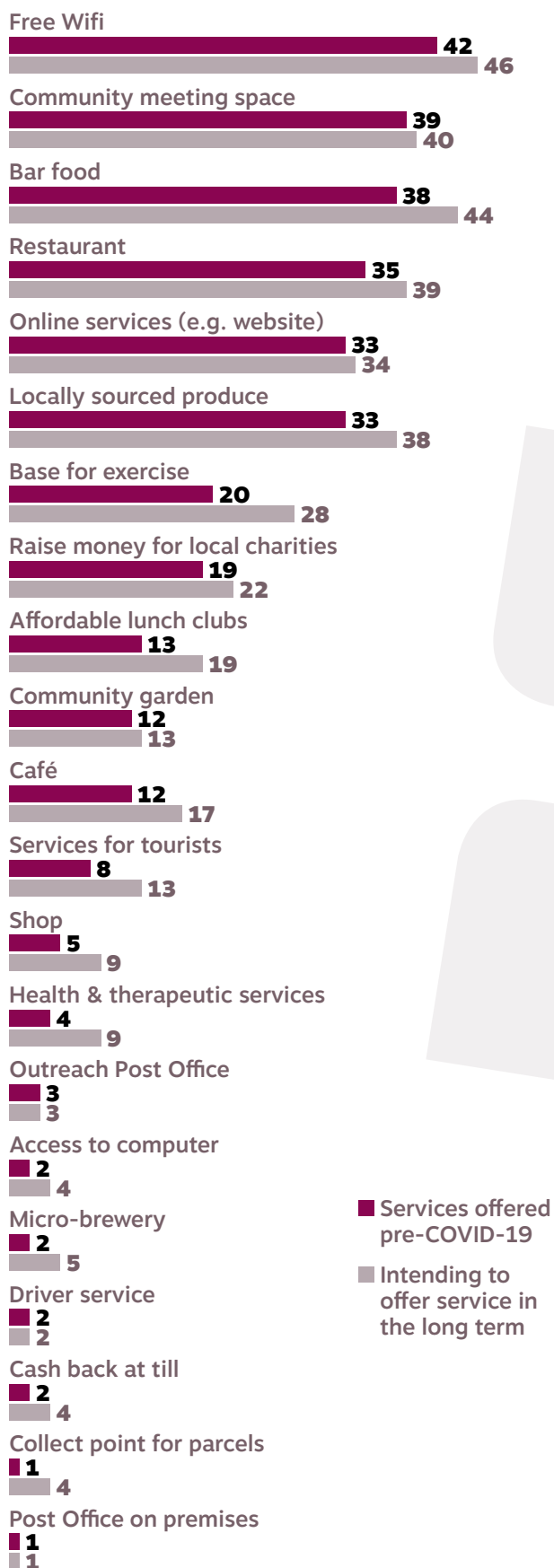
income generator for the business. Some pubs offer services for tourists, such as B&B accommodation to supplement the revenue of the business. A growing number of community pubs are also now offering postal services, through a collection point for parcels, outreach Post Office, or even hosting a Post Office on the premises.

Recognising that some new services (or ways of delivering current services) have been established in response to the pandemic, we asked community pubs responding to our survey which of their services they planned to offer in the long term, beyond the pandemic (results displayed in Fig. 4.1). Our intention was to investigate whether the regular service offering of community pubs might change as a result of the pandemic. Whilst the distribution of services broadly resembles what was offered prior to the COVID-19 crisis, many pubs actually intend to introduce new services that they had not offered before. This is evidence of the ambitious, innovative approach that many community businesses take, continually adapting to local interests.



▣ Heart of the Village runs a community shop, pub and café at the Royal Oak, Stoke St Gregory, Somerset

FIGURE 4.1
SERVICES OFFERED PRE- PANDEMIC, AND
INTENTIONS TO OFFER IN THE LONG TERM



Source: 2021 Plunkett Foundation community pubs survey from 57 responses



Photo: Miles West Photography

▲ **The Hive Live, Winsford, Cheshire, launched a new service called “What’s for Tea?” delivering freshly cooked meals and groceries to people who are self-isolating at home**

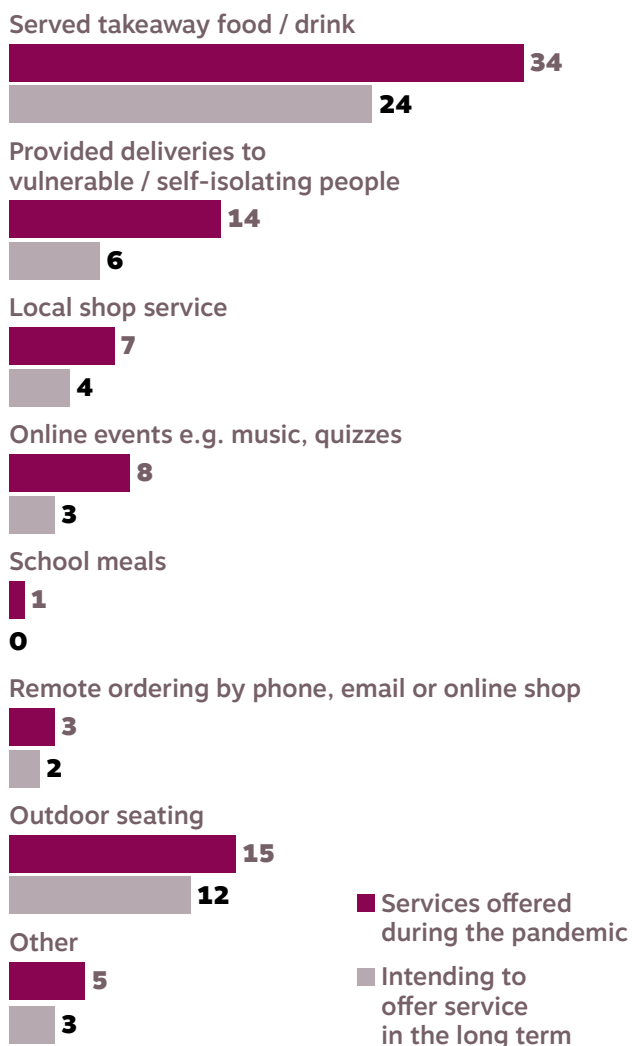
4.2 Services introduced during the COVID-19 crisis

Out of 57 community pubs:

- 32 (56%) sustained services in adapted form throughout the COVID-19 pandemic to date (May 2021)
- 25 (44%) closed the pub completely without sustaining services such as takeaway food for at least some part of the COVID-19 pandemic – mainly during the major lockdown periods since March 2020.

In our survey, we asked respondents to tell us which services they had introduced as a direct result of the pandemic. There is little surprise that many pubs introduced takeaway services as a way of continuing to serve customers and sell stock held, and that a smaller number had to set up outdoor seating, given the restrictions on trading in place last year. It is worth noting that majority of respondents introducing these two services plan to continue them. Some pubs offering outdoor seating recruited the help of volunteers to build more permanent structures, such as covered benches and booths. At the focus groups, those pubs choosing not to offer a takeaway service cited limited kitchen capacity as a reason, as well as the inability to easily enlist delivery providers in a rural area.

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



Source: 2021 Plunkett Foundation community pubs survey from 57 responses

Some services were clearly introduced for the sole purpose of supporting the community, rather than adapting to trading restrictions. These services included deliveries of food parcels to the self-isolating (14), online events (8), and a pop-up local shop (7). Other services included frozen ready meals and ticketed livestream events, to pay musicians dependant on live performances. As restrictions eased and the vaccination programme was rolled out, some of these crisis-response services were no longer necessary. From the focus groups discussions, it was clear that pubs were keen to retain services if:

- There was sufficient staff and space capacity
- There was enough demand to make it sustainable for the business
- These services would significantly benefit the community.

In the focus groups, there were mixed views about whether the pandemic would have a long-lasting impact on the types of services that community pubs deliver. Some long-established community pubs already offer a diverse range of services, which are fulfilling the needs of their community, with any gaps filled by other community projects, organisations and businesses. Some pubs which have been established in the past two years were still looking for ways to improve their offering when they were forced to go into successive lockdowns. Periods of closure offered them the chance to rethink and enhance their services. Although in many cases ideas for improvements already existed, such as building a covered seating area or extending a dining space, the pandemic was a catalyst for change.



▲ Serving takeaway food and drink from the Pheasant Inn, Neenton, Shropshire

5

People

5.1 Governance

Community-owned pubs are membership organisations, the members (predominantly made up of local residents) being the owners of the business. Management committees or boards are elected by the membership to oversee the strategic direction and finances of the business. They also determine how the pub is managed and who manages it.

Although the board members have limited liability it is important that they all understand that even though they are working voluntarily in a community business they still have fiduciary duties as any other director would. For example, if they are aware that there is a financial problem they should take advice as soon as possible to protect themselves and make sure that they do not become personally liable for any debts by continuing to trade when insolvency is a possibility.

The board plays a crucial role and the major posts can involve considerable work, so board members should ensure there is adequate succession planning, such as a procedures manual for hand-overs when an officer or board member reaches the end of their term.

5.2 Employment

A real motivating factor behind setting up a community pub can be the opportunity to create regular, paid, local employment opportunities. In rural areas, where the majority of community-owned pubs are found, these businesses can often be very significant employers in their communities. They offer an excellent environment for training local people, particularly young people. The pubs also contribute to the wider economy and subsequent further employment opportunities, through utilising local suppliers and



▣ Volunteers constructing garden pods at the Bevy, Brighton

FIGURE 5.1
NUMBER OF EMPLOYEES BY TURNOVER BAND

Annual turnover band	£1 - £200,000	£200,001 - £400,000	£400,001 - £600,000	£600,000+
No. of Pubs Sampled	11	13	2	1
Average No. of Employees	7	10	15	23
Lowest Number	1	5	15	–
Highest Number	16	25	15	–

Source: AR30 / Companies House Returns for 2018, 2019 & 2020 to 31st March

FIGURE 5.2
AVERAGE STAFF COSTS BY TURNOVER BAND

Annual turnover band	£1 - £200,000	£200,001 - £400,000	£400,001 - £600,000	£600,000+
No. of Pubs Sampled	9	9	2	1
Average Cost of Employees (£s)	£44,600	£102,900	£162,000	£281,700
Lowest Cost (£s)	£6,300	£65,900	£127,100	–
Highest Cost (£s)	£77,300	£109,000	£197,000	–

Source: AR30 / Companies House Returns for 2018, 2019 & 2020 to 31st March

accessing other trades in their area. This suggests that any adverse impact of COVID-19 on pub survival is not just about retaining services, but is also significant for local jobs and training too.

From a modest sample of 29 managed pubs employing staff (where data is available from the FCA and Companies House), the data shows that the 29 pubs employed 299 staff (this is a combination of full time, part time and casual staff) with an average of 10 employees per pub. Although cautious – and adjusted down for a few managed pubs run entirely by volunteers – this suggests that managed pubs are broadly employing 600+ people in a combination of full time, part time and casual jobs.

We have no data on the 46% of tenanted community pubs responding to the survey, but it is reasonable to assume that they too are significant employers (including tenants themselves).

Tables 5.1 and 5.2 provide a benchmark for employee numbers and costs by turnover band. Staff numbers are for total staff employed and include full time, part time, and casual. Staff costs also cover all staff employed in the given year,

including costs such as pension contributions, employer national insurance contributions etc.

5.3 Volunteers

The ability to harness a volunteer workforce is one of the greatest assets for a community business, reducing staffing costs and enhancing the social environment and social benefits of the pub. The functions supported or run by volunteers vary widely and include fundraising, organising events, assisting with marketing and social media, or running supplementary services such as shops, cafés, libraries and allotments.

Volunteers behind the scenes

Two thirds of community pubs responding to the 2021 survey reported having regular weekly support from volunteers (38 out of 57 respondents). The proportion of businesses using volunteers was higher for managed pubs (84% of 31) compared to tenanted pubs (46% of 26). However, it must be noted that tenants themselves often put in extra hours on top of their usual duties, in support of their communities. Most of the managed pubs

and tenanted pubs that did have regular volunteer support had between 1 – 10 volunteers.

Volunteers played a crucial role for community pubs during the pandemic. Around 1 in 4 (26%) pubs responding to the 2021 survey recruited new volunteers last year, in one case to replace management committee members. During periods when pubs were unable to trade, volunteers stepped forward to help with refurbishment activities, either to adapt the space for re-opening under COVID-19 restrictions, or to take advantage of the closure period to undertake long-needed improvement works. Volunteers painted and re-decorated, moved furniture and upgraded kitchens, built outdoor seating areas and planted community gardens. Help from volunteers would have been vital for alleviating the added financial burden on community pubs needing to pay for these works out of depleted reserves. During the periods of crisis, particularly during the first UK lockdown, volunteers also stepped forward to help with emergency services, such as deliveries to self-isolating and vulnerable residents in the community.

Management committees

In responses to the survey, the 31 managed pubs reported estimates for standard management committee hours across all directors ranging from 15 – 120 hours. The median was 35 hours per week, which is comparable to previous years.

However, management committee members were required to put in more voluntary hours during the pandemic. They played a critical role during the crisis months, submitting loan and grant applications, recruiting and coordinating volunteers (or indeed volunteering themselves), and holding more frequent meetings in order to respond to the changing situation around restrictions and re-opening.

The level of increase in hours varied widely during the pandemic. Some pubs reported an increase but were unable to accurately estimate the number of extra hours. Of the 18 pubs who were able to provide an estimate for this, only three recorded no discernible change in hours (management committees for these pubs were already spending

INSIGHT: THE BLACK BULL, GARTMORE, STIRLING

Once a drover's pub, there has been an inn at the site of the Black Bull in Gartmore since 1740. It became a popular stopping-off point for tourists in the 1800s but in the 1950s, faced an era of decline. In 2019, the pub was purchased by the local community and has been lovingly refurbished.

Combining a professional chef and passionate volunteers the Black Bull opened in September 2019. As COVID-19 restrictions were imposed in 2020 the Black Bull was able to offer a takeaway service from their professional chef and with a volunteer taking orders and providing admin support. Whilst the pub remained shut its volunteers swung into action renovating and decorating their bedrooms for B&B accommodation upstairs.

Peter Sunderland, one of the founding committee members, said: "Over the period of restrictions the renovations gave people a purpose. Some of the village had never seen the rooms above the bar and wanted to help paint and decorate them to create another avenue of income. Amazingly we probably had 100 volunteers that helped us restore them and it has given everybody a sense of achievement and a stronger connection with the Black Bull."



▲ Left: returning customers at the Black Bull

Right: guest rooms newly refurbished with the help of volunteers

20-40 hours a week on pub activities). For those 15 pubs who did give estimates for increased hours, the average increase was 27 additional hours per week. Estimates ranged widely from 2 to 50 hours, but 80% of pubs reporting an increase reported a significant estimated increase of 20 hours or more per week.

5.4 COVID-19 effects on staffing

42 (74%) of pubs responding to the 2021 survey (including tenanted pubs) recorded that they furloughed staff during the pandemic. 37 pubs provided details of the number of staff furloughed (including for 4 tenanted pubs).

Proportion of staff furloughed by % band	Number of pubs in band
50% - 75% of all staff	5
76% - 85% of all staff	6
86% - 99%	5
100%	21
Total	37
<i>No furlough / no response</i>	20

The implication of this is that almost all managed community pubs furloughed at least a significant proportion of their staff which helps to explain why the sector has survived in reasonably robust condition.

Most pubs found the HMRC system for furloughing easy to use, however:

- One experienced major difficulties
- A number recorded challenges with initial calculations, but managed; and
- Some newly opened pubs were not eligible for the scheme.

Unfortunately, not all jobs could be saved by the Job Retention Scheme. 11 pubs (19%) responding to the 2021 survey reported having to make redundancies. For those respondents providing details, most of these were chefs or bar staff. One responding community pub explicitly noted that they had offered redundancies on a voluntary basis.

The pandemic has obviously had an understandably detrimental impact on the mental health of staff. Several pubs attending the focus groups in June 2021 said that the pandemic was having an ongoing impact on employees' wellbeing. In some cases, staff did not return from furlough due to health concerns, or because they decided to take up employment in another sector.

INSIGHT: CWMDU INN, CARMARTHENSHIRE

Run by the community since 2000, the Cwmdu Inn nestles amongst a terrace of cottages owned by the National Trust with a lease to the community to run the inn and shop.

It is a small, but vibrant, village with a community group Cymdeithas Cwmdu set up to maintain its special qualities by sustaining the pub, shop and post office as a community-owned business. In addition the group organise themed nights, live music, cinema and annual events.

The inn, shop and post office are run by a combination of paid staff and volunteers, with the number of volunteers increasing for special events. The orders for fresh, locally sourced bread and pastries are taken weekly and the inn's kitchen provides the space for another two local businesses that make chocolate and local honey.

Huw Pritchard, director of the community business and post office volunteer, said: "We are a small village with a couple of dozen houses, but the inn, shop and post office serve the wider farming and small-holders community too. Because we're so small it's really important for us to keep our local service. This way villagers don't need to travel and we can be a greener community too. We all recognise how important and inherently good it is to keep these vital services going for the wider community."

6 Impact

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

6.1 Overcoming isolation

Community pubs become a social lifeline by offering a welcoming space open to all the community. They are often more than just a place to drink, with most community pubs serving food or offering additional services during the day, such as a café. As well as their food and drink offering, they can host a wide range of services such as:

- Affordable lunch clubs, meeting spaces for local clubs and societies
- Cultural events such as live music and festivals
- Working with charities or organisations, such as Age UK
- Volunteer opportunities and work experience
- Allotments or a community garden
- Adult education and training.

All of these services can benefit new residents who want to meet their neighbours, individuals that may feel isolated at home, the retired seeking opportunities to remain active, and those who live alone or are carers and might have no other way of meeting people.

According to a recent survey undertaken at Loughborough University, commissioned by The Campaign to End Loneliness, 86% of people believe



▲ A customer being served at the New Inn, Halse, Somerset

that 'when a pub closes the local community suffers', and 64% felt that their pub was one of the main places that people socialised in their local area.² ONS figures show that from October 2020 to February 2021, around 7.2% of the adult population (3.7 million people) were 'often' or 'always' lonely – an increase of 2.2% since the spring of 2020.³

The isolation experienced by many over successive lockdowns in 2020 has only intensified the perceived value of pubs. Community pubs offered a social lifeline during the COVID-19 crisis by:

- Moving their events online, such as live music, book clubs and pub quizzes
- Improving outdoor areas, to accommodate events and customers outside safely
- Setting up 'Good Neighbour' schemes to check in on local residents
- Delivering food packages and children's activity packs.

2. Thurnell-Read, Thomas (2021): Open arms: the role of pubs in tackling loneliness. Loughborough University.

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

6.2 Community cohesion

Establishing a community pub involves a great deal of time and effort from a large number of people in the community, who lend their skills and work together as members, committees, volunteers, staff and customers. There is usually a widely backed community campaign to save their pub which galvanises the community, identifying its importance as a community asset. Once open, community pubs become highly social places which bring people together of all ages, backgrounds, interests, and gives them a purpose to interact.

INSIGHT: CHEQUER INN, ASH, KENT

Along with her guide dog, Zebedee, Patricia Poole, a resident of Ash, near Canterbury, visits The Chequer Inn every week for their 'Meet Up Monday' session. The session is run by volunteers Hazel Lander and Jane Greaves and brings the community together, allowing people living alone or people new to the village to meet up with friends and neighbours.

Patricia commented: "In the year before the Chequer opened, I lost my mother, young sister and best friend, then my husband. I was a very social person, always being involved in voluntary work but grief took over and I didn't want to socialise. Being registered deaf and blind, it's not always easy to join clubs. The pub opened and I was dragged along. Myself and my wonderful guide dog were made so welcome, I became interested in life once more."



▲ **Socially distanced Meet Up Mondays return for the first time after lockdown at the Chequer Inn, Ash, Kent**

In a rural community, the pub can become a multi-purpose hub with services such as a shop, café, post office, meeting rooms and much more, enabling people to use the building to provide a greater impact in their communities.

It is clear from the 2021 survey responses and focus groups that community spirit has once again been galvanised to support and protect these hard-won and much-valued community businesses. Community support was the most-cited reason for the resilience of community pubs during the pandemic, and a number of pubs recruited volunteers to help them deliver crisis-response services and with adapting parts of their business. Volunteering benefits not only the pub, by reducing its cost for improving the business, but it also benefits the wellbeing of volunteers themselves – giving them the opportunity to feel part of the community, meet new people and friends, and be involved in a common cause.

6.3 Improving health and wellbeing

The positive effect of community pubs on mental health and general wellbeing cannot be overstated, even during periods where they were forced to offer services remotely. During the first UK lockdown, 7.4 million adults reported that their wellbeing had been affected by feeling lonely.⁴ As well as alleviating social isolation and loneliness, there are many other ways that community pubs improve the health and wellbeing of local residents:

- Offering meeting space for health checks or other health services e.g. chiropody or counselling
- Connecting with national and local charities, e.g. to facilitate referrals to social care
- Improving active travel facilities, such as installing bike racks
- Offering informal and flexible employment and volunteering opportunities
- Hosting activities such as fitness classes, walking clubs and cycling groups
- Installing or funding a defibrillator
- Hosting dementia and Alzheimer cafés
- Veg box deliveries, cookery classes and 'cook at home' packages.

4. Opinions and Lifestyle Survey by the Office for National Statistics, for the period 3 April to 3 May 2020. <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/coronavirusandlonelinessgreatbritain/3aprilto3may2020#main-points>

6.4 Improving cultural landscape

Community pubs offer space for live music, art exhibitions, craft fairs, food and drink festivals, poetry readings, open mic nights, dance nights and or even a pop-up cinema. Such events also support the local economy, by giving local artists, craftspeople, and producers a platform to showcase their work and boost their income.

Many pubs took their activities online where possible during 2020. Community pub groups were keen to keep peoples' spirits up with online music events and book clubs. Community pubs such as the Globe, Newcastle upon Tyne, wanted to continue to support musicians because they were aware that musicians' livelihoods were dependant on live events, and wanted to provide the opportunity for these artists to continue earning by setting up live-streamed events.

Some pubs intend to continue to run events online, because they have been well-received and this format can be more accessible for some who live further afield. However, the vast majority of pubs are looking forward to returning to in-person events.

6.5 Boosting the local economy

A community pub offers a resilient form of business that can help regenerate the local economy by:

- Encouraging collective investment via community shares in a local business
- Purchasing from local food suppliers and using local trades and services
- Boosting local employment
- Offering training and work experience to staff, volunteers and young people
- Attracting visitors and tourists to the area with cultural events, good food and accommodation
- Providing a platform for local producers and artists to showcase their work e.g. at festivals, markets and fairs
- Raising money for local charities through fundraising events or by donating surplus profits
- Improving access to other local organisations.

Even during the pandemic, community pubs continued to benefit the local economy as best they could. Events were moved online where possible, and some pubs set up pop-up shops or veg box deliveries to sell food from local suppliers when these could no longer be served in the pub.

INSIGHT: THE GLOBE, NEWCASTLE UPON TYNE

Facing strict local lockdowns during the pandemic the Globe, in Newcastle upon Tyne, took its live music online and streamed over 100 gigs from its small venue to the rest of the world.

When the first lockdown occurred in March 2020 its members were determined to keep the Globe going, providing live music and helping to support the musicians who'd had all their sources of income taken away in one fell swoop. When almost all other venues were closed the Globe took to livestreaming its gigs with the help of a dedicated team of volunteers. Together with funding from Power to Change and the Culture Recovery Fund they refurbished and redecorated the Globe and installed new sound, light and video equipment.

The community-owned venue broadcast 16 concerts a month, including jazz, folk, rock, classical and the spoken word. These livestreams have been viewed by thousands of people, raising over £40,000 for performers whose incomes had been drastically reduced.

As a result of this extraordinary effort the Globe won the award for Small Community Co-op of the Year 2021 following a public vote.

Dave Parker, co-chair of the Globe, said, "This award recognises the vision, determination and hard work of everyone who helped keep us going during the pandemic, providing income for musicians, employment for staff, and joy for lovers of live music.

Eight years ago, the Globe was a failing pub. Today it is an award-winning music venue and learning centre owned and run by a co-operative."

7

Financial performance

Financial information for this report is drawn from the latest available public data on turnover for pubs as shown by FCA AR30 Returns and Companies House records for the years 2018, 2019 and 2020. Data are shown in aggregate and by managed pubs and tenanted pubs separately.

Note: Pubs opening in 2020 (13) are not included either because available data is for part of a year, or yet to be published after the end of the first trading year. Due to the disruption of the pandemic, the number of annual returns submitted by community pubs was much lower in 2020, and so our sample represents only a small proportion of the sector.

7.1 Profits/losses and turnover

In order to establish a pre-pandemic benchmark for profitability and turnover, we drew a sample of managed and tenanted pubs from the latest available public data as published in Financial Conduct Authority AR30 Returns and Companies House Records for 2018, 2019 and 2020 to 31st March.

Data is drawn from the most recent year for which it is available. The pubs are all established businesses so they may be some year on year fluctuations, but these are normally modest.

Profits and losses are drawn with reference to:

- Turnover and revenue from the pub and related activities (e.g. events and room hire)
- Removing grants and donations or other similar sources of funding to allow comparison of underlying profitability for core services
- Deducting costs
- Figures are shown net of depreciation and before taxation for comparability reasons.

On the basis of 35 pubs sampled (29% of the total extant at the time) where data is available:

- 18 managed (82% out of 22) and 10 tenanted (77% out of 13) show a net profit pre-pandemic.
- 6 managed pubs (18% out of 22) and 3 tenanted pubs show a net loss.



The figures show returns to the community for tenanted pubs from rents etc., not the performance of the tenanted business. Returns from tenanted pubs will be offset by any borrowing or mortgage charges to the community. As borrowings will fall over time this may not mean that the community investment is at risk, provided that the means exist to cover borrowing,

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

Turnover for managed pubs varies widely but as would be expected, they tend to have a turnover of £100,000+ per annum, however, there appears to be no direct correlation between surplus or deficit and turnover.

In some cases, losses are attributable to significant repairs or improvements in the year for which grants may have been awarded.

To explore how far profitability and turnover had been impacted by the COVID-19 crisis, we looked at AR30 and Companies House returns for financial years ending on or after 30th September 2020 (i.e. with at least 6 months of COVID-19 impacts) to gain some impression of the financial consequences.

Unfortunately (but understandably) only 13 records were available that met this criteria of which 3 contained insufficient information. Of the balance of 10 pubs:

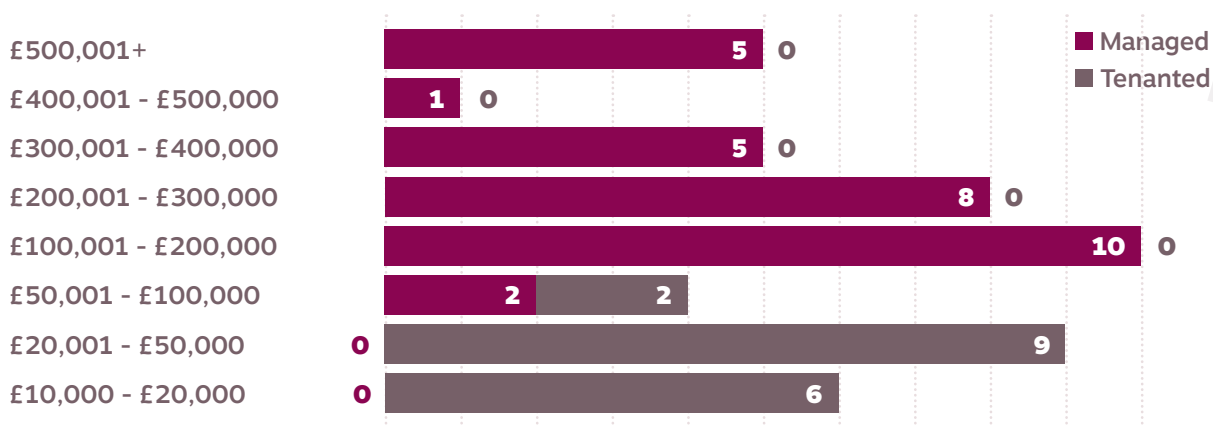
- 6 were tenanted and mostly retained an income from their tenant (albeit often reduced in comparison with previous years).

- 4 were managed with varying turnover reductions, typically showing turnover reduced to between 30 – 60% of previous years' turnover.

Therefore, assessment of the impacts of COVID-19 on profitability are not feasible at this stage and next year's report will examine this in the light of more and better data.

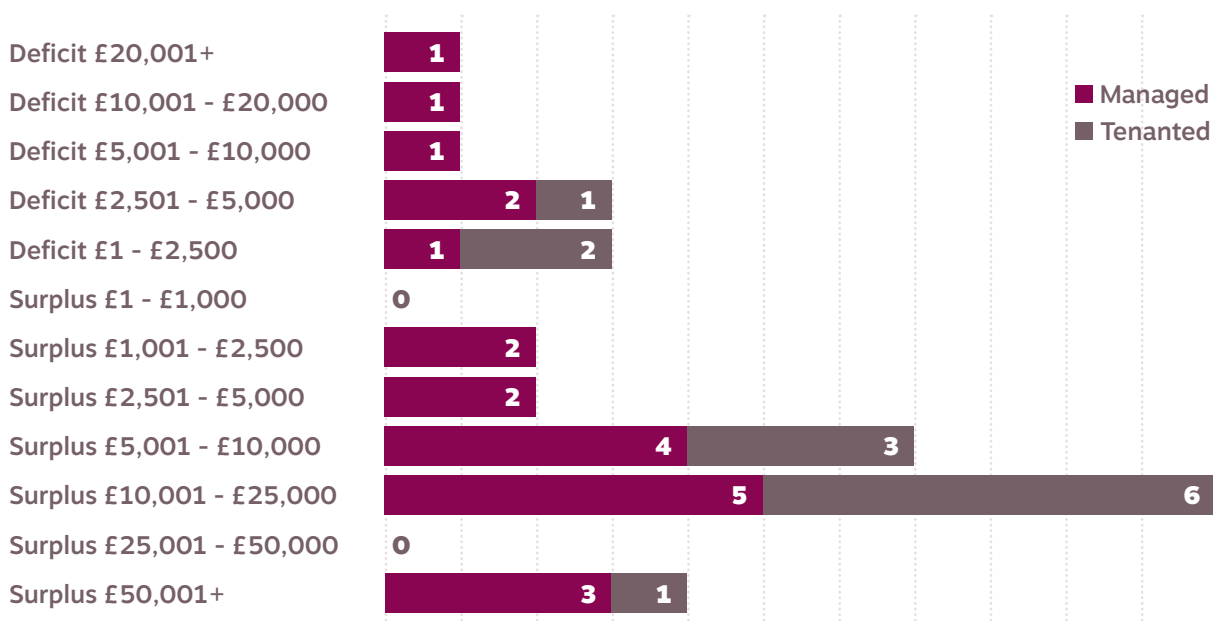
However, it is clear that many pubs made use of COVID-19 grants and, where relevant, managed pubs used the staff furlough scheme (tenanted pubs did also but less data is available to examine this). We should take into account the positive survey responses received by pubs in relation to questions about confidence over the next 12 months (see section 8).

FIGURE 7.1
MANAGED AND TENANTED PUBS
BY TURNOVER BAND



Source: FCA AR30 returns and Companies House records for financial years ending in 2018, 2019 and 2020 to 31st March from 48 records

FIGURE 7.2
MANAGED AND TENANTED PUBS: NET PROFIT



Source: FCA AR30 returns and Companies House records for financial years ending in 2018, 2019 and 2020 to 31st March from 35 records

7.2 Borrowing and fundraising

From the sample of 57 managed and tenanted pubs owned or leased by the community (43% of the 133 known community pubs existing by the end of 2020) the picture is broadly consistent with previous years:

- 42 (74% of the sample) record outstanding mortgages or loans, mostly in excess of £20,000 (53% of all responding pubs)
- 23 of these (40% of all responding pubs) record outstanding mortgages or loans of £80,000+
- 15 (26% of all responding pubs) record no outstanding mortgages or loans.

When asked whether they had resorted to using their reserves to support operations during the pandemic, 49% (28) of responding pubs said that they had. As a result of having to use reserves, nine pubs said that they would have to delay or reduce investment in improvement projects, such as extensions, resurfacing the car park or building a play area (although two pubs reported using their reserves on improving their premises). Decisions about how to use profits may be affected in the longer term, with more community pubs needing to rebuild their reserves. Several pubs noted that without third sector and government support in the form of grants and loans, they would have seen a much greater detrimental impact on their reserves.

6 pubs (11%) responding to the survey said that they launched a new share offer or crowdfunding campaign, raising a collected total of £57,250.

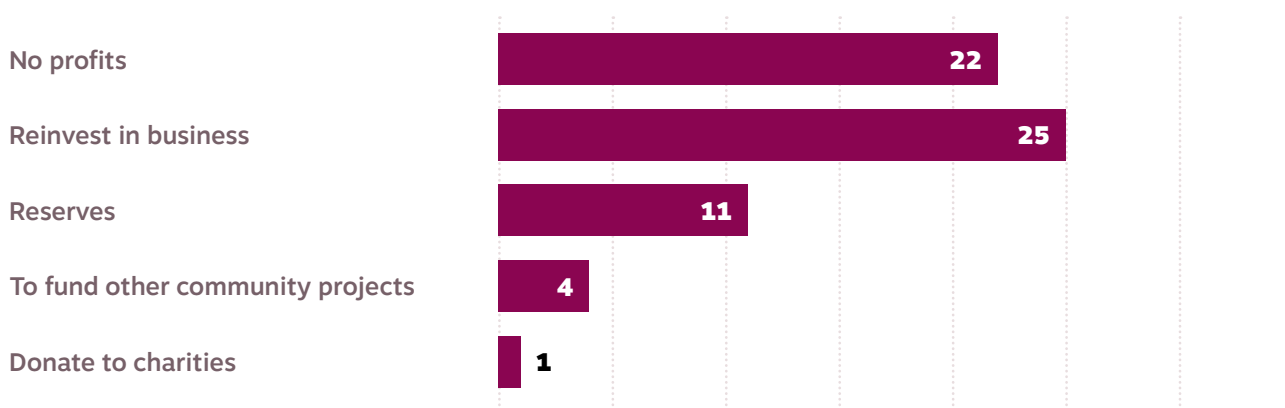
7.3 Use of profits

The business model of a community pub is generally based on the principle of community benefit, and therefore the distribution of net profit is to the community. The overall pattern of net profit use (where present) reflects the relatively modest scale of such profits, understandable due to many of the businesses still being in the early stages of growth (53% of community pubs having been established in the last five years). Many are still reinvesting in the business and building their reserves.

Responding to last year's survey, 38% of pubs recorded no profits in 2019. This year, a similar percentage of survey respondents recorded no profits in 2020 (39%). It is striking that significant numbers of survey respondents were still reporting reinvestment in the business or into reserves in 2020 (45% and 20% respectively).

These are of course overall lower proportions than in 2019, when 50% of pubs recorded reinvestment of profits into the business, and 41% into reserves. Comments from the focus groups indicated that many pubs applied for loans and grants in the

FIGURE 7.3
USE OF PROFITS



Source: Plunkett survey from 56 responses (one pub did not respond to this question)

Note: Some respondents report multiple uses of profits.

early stages of the pandemic, and if portions of these finance packages were not immediately required to keep the business afloat, they were used for adapting the business or put into reserves. The number of pubs donating profits in 2020 has inevitably decreased dramatically from levels in 2019, from 25% to 9%.

7.4 Financial support related to COVID-19

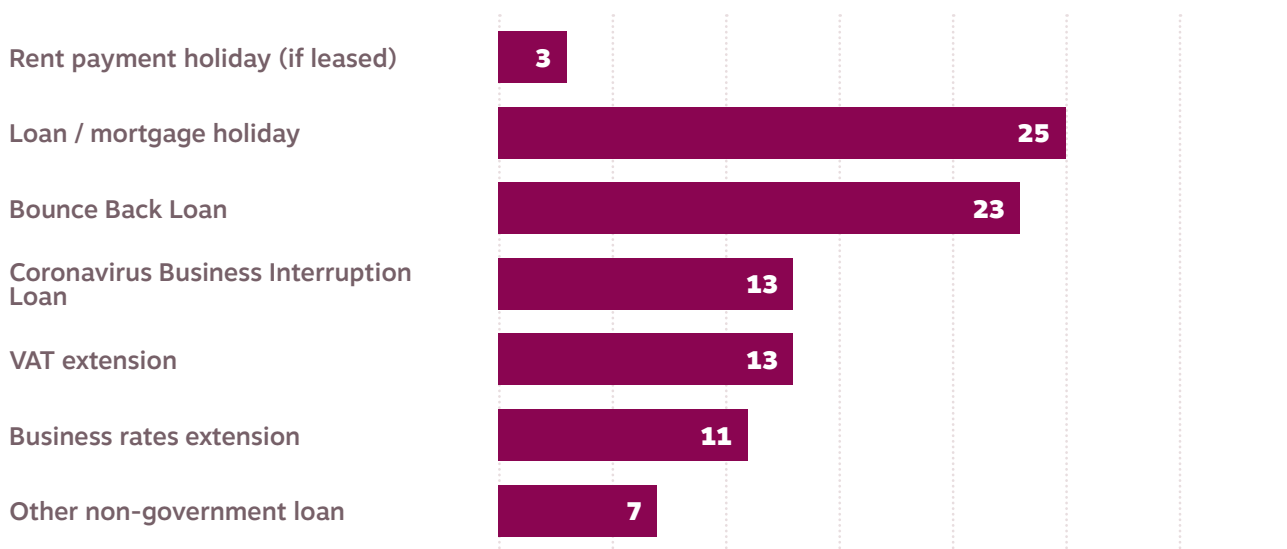
The 2021 survey responses suggested that the majority of community pubs accessed some form of COVID-specific financial support during 2020. This support took many forms, such as the Coronavirus Business Interruption Loans (CBIL), Bounce Back Loans (BBL), VAT extension, business rates relief, or loan and mortgage holidays. There were also local government and sector-specific grants available (such as those provided by Power to Change). 37 out of 57 (65%) of responding pubs accessed some form of funding or other financial support (excluding furloughing and rent holidays where the pub is leased).

24 (42%) of responding pubs accessed grants in 2020 from charities/sector partners (such as Power to Change), local authorities or other sources such as Local Enterprise Partnerships.

Only 10 out of 57 pubs responding to the survey indicated that they had experienced major difficulties in accessing the government support schemes. For those pubs that did encounter issues, these were primarily down to delays in initially accessing the support (which were later resolved), and eligibility issues (particularly for new pubs). One pub reported that their bank did not offer the government loans. This is a wider issue that relates to access to banking for community businesses, as some major high street banks are not always familiar with the CBS model and may therefore delay or refuse offering the business a bank account.

Although these survey responses from May 2021 give a broadly positive view of financial support received from the government, the end of the Job Retention Scheme, VAT discounts and business rate reliefs could have further detrimental impacts on the sector.

FIGURE 7.4
NUMBER OF COMMUNITY PUBS ACCESSING COVID-19 FINANCIAL SUPPORT



Source: 2021 Plunkett Foundation community pubs survey from 57 responses

Note: pubs may have accessed more than one form of support. This information relates to grants accessed by the community for managed and tenanted pubs but excludes support directly accessed by tenants of community pubs.

8

Sector confidence and concerns

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

8.1 Immediate concerns

From the surveys and focus groups, it was clear the recovery from the pandemic was at the forefront of everyone's minds. 56% of responding community pubs (34) said that securing or re-establishing the future viability of their pub was a major concern or priority. This is a significant proportion, but a notably lower figure compared to April 2020, where 94% of 32 respondents said that they had concerns about this. Securing a future for pub relates to other more specific

concerns that pubs responding to the 2021 survey had, namely:

- Encouraging customers to return to the pub (60%)
- A spike in cases leading to delays to the easing of restrictions (51%)
- The impact of the pandemic on staff wellbeing, and staff retention (46%)

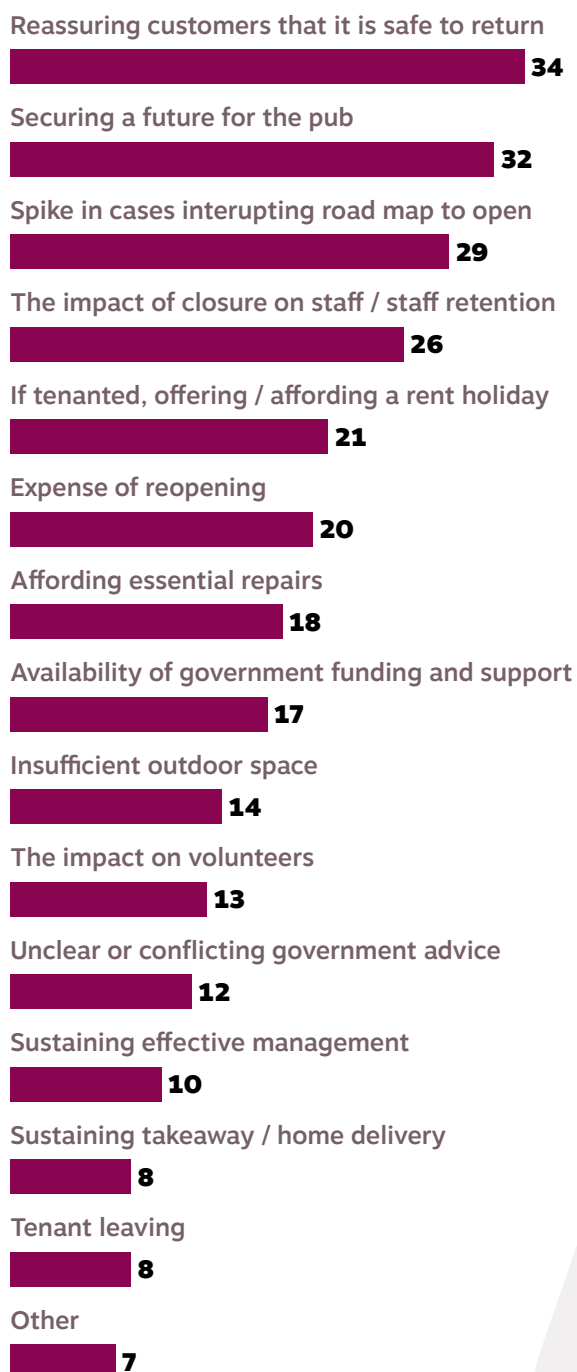
Note: respondents could select more than one option as a priority or concern.

Community pubs at the focus groups said that older or more vulnerable residents in particular were uncertain about returning to the pub. This of course may change with the rollout of the vaccination programme, but it is understandable that some are still cautious about returning.

Worryingly, but not unsurprisingly due to the huge reduction in turnover and the winding down of government financial support, 21 (81%) tenanted pubs responding to the survey were concerned about being able to offer their tenant a rent



FIGURE 8.1
IMMEDIATE CONCERNS
OVER THE NEXT 12 MONTHS
IN THE LIGHT OF THE PANDEMIC



Source: 2021 Plunkett Foundation community pubs survey from 57 responses

Note: respondents could select more than one option as a priority or concern.

holiday. Although community pubs at the focus groups have been supportive of their tenants, by offering rent holidays where they could, the pandemic has inevitably put tenants in a precarious position. 8 (31%) responding tenanted pubs were concerned about their tenant leaving in the next 12 months.

Even as restrictions eased across all UK nations in the spring, significant numbers were still concerned about the impact on trade. Around 1 in 4 responding community pubs were concerned about not having enough outdoor space. This was not an issue confined to urban pubs – 9 out of the 14 responding pubs concerned about this were rural (noting that the majority of respondents to the 2021 survey, and of community pubs more generally, are rural).

A number of responding pubs were also concerned with the availability of government funding, affording essential maintenance costs, and the impact on volunteers. Several focus group attendees also highlighted concerns about management committee members in particular experiencing “volunteer fatigue”, given the extra strain they have been under over the last year.

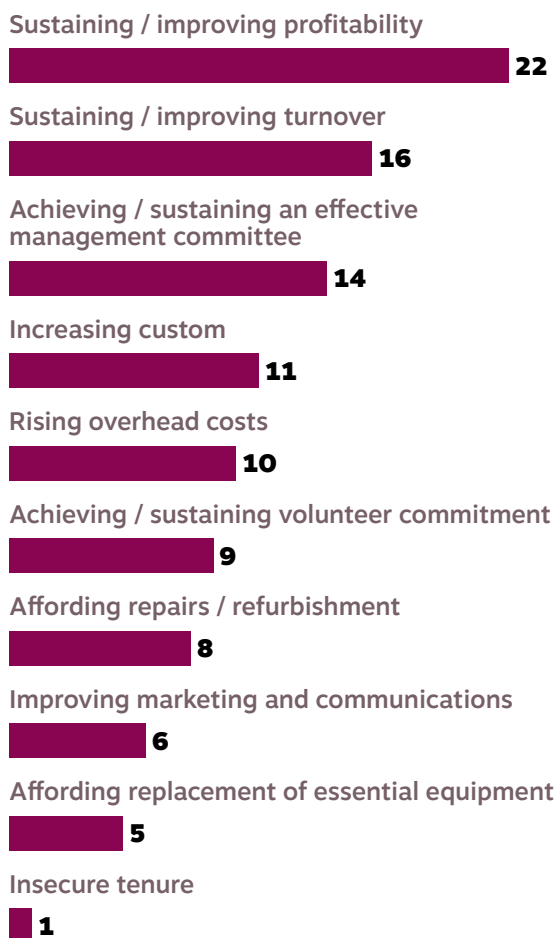
8.2 Longer-term priorities

The pattern of longer-term concerns beyond the next 12 months broadly reflect those existing before the pandemic. The top priorities reflected those expressed in Plunkett’s pre-2020 surveys: improving or sustaining profitability and turnover being the top priorities, followed by the usual concerns such as affording essential repairs, rising overhead costs, rising overhead costs and increasing custom.

Managed and tenanted pubs broadly shared the same concerns beyond the next 12 months, with two notable exceptions:

- Tenanted pubs, as noted above, currently have increased levels of concern about their tenants leaving compared to previous years.
- A greater proportion of managed pubs are concerned about achieving and sustaining an effective management committee in the longer term (48%), in contrast to tenanted pubs (18%). This may align with the additional responsibilities that management committees take on under the managed community pub business model, and the pandemic would have further exacerbated the pressure on management committees.

FIGURE 8.2
LONG-TERM CONCERNS OF
MANAGED COMMUNITY PUBS



Source: 2021 Plunkett Foundation community pubs survey from 29 responses.

Note: respondents could select more than one option as a priority or concern.

FIGURE 8.3
LONG-TERM CONCERNS OF
TENANTED COMMUNITY PUBS



Source: 2021 Plunkett Foundation community pubs survey from 22 responses.

Note: respondents could select more than one option as a priority or concern.

8.3 Confidence

Given the immediate and long-term concerns described above, it is somewhat surprising that the majority of pubs responding to the 2021 survey expressed confidence for the future. There is a marked shift to a more positive outlook in April 2021 compared to April 2020. 84% of 2021 survey respondents said that they were confident or very confident about the next 12 months, compared to 65% of respondents in 2020 who were concerned or very concerned about the future (the 2020 survey was of course conducted at the height of the first UK lockdown).

Although the 57 survey respondents only represent a sample of the sector, this data suggests that the sector has so far managed to emerge with cautious optimism from the pandemic, with a sense that

community pubs can survive and thrive in future, something that the 2022 Plunkett Foundation Community Pubs Survey will revisit.

This optimism is reinforced by responses to a question about whether respondents felt that being a community-owned business has meant that their pub was more resilient during the pandemic. 56 out of 57 respondents (98%) said yes, regardless of whether the pub was managed or tenanted. When coupled with markedly increased sector confidence compared to 2020, this suggests that community pubs as a sector fared relatively well in the face of a very challenging period.

Of the 56 community pubs who answered yes to this question, 47 gave reasons. These were many

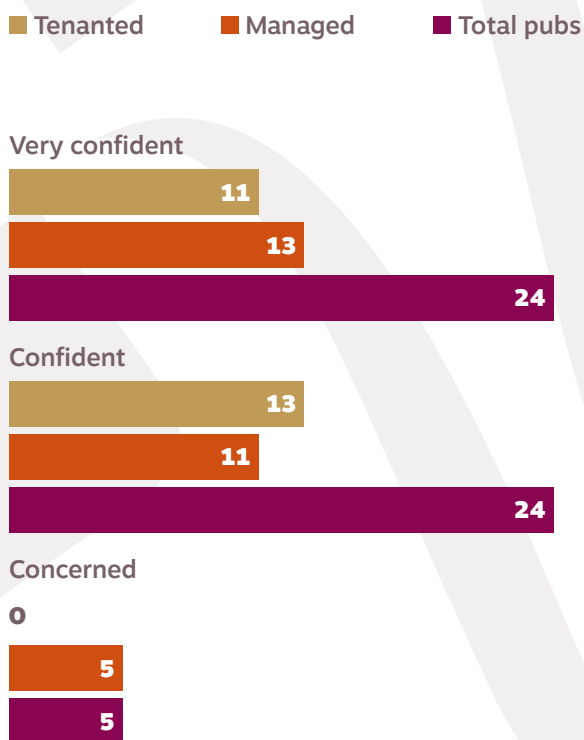
and varied, but the most common themes are summarized below:

- The pub's focus on the community, and in turn support from the community (22 responding pubs cited this, by far the most popular reason)
- Strong initial financial position, e.g. no mortgage or rents payable (10)
- Ability to access third sector grants and funding (10)
- As a business orientated around people more than profit, community pubs were able to offer tenants a rent holiday (10)

Note: some responding pubs gave more than one reason.

At the focus groups, tenanted pubs explained that management committees and shareholders alike were more concerned with the survival of the pub over generating profit, and so wanted to do everything possible to keep the tenants in business. Other reasons given by survey respondents were: member support, the mobilization of volunteers, and the ability to run a share offer.

FIGURE 8.4
CONFIDENCE OVER THE NEXT 12 MONTHS



Sources: 2021 Plunkett Foundation community pubs survey from 53 responses

INSIGHT: THE KINGS ARMS, STOCKLAND, DEVON

The Kings Arms in Stockland was purchased by the community in 2019 and opened in January 2020 just two months before the pandemic.

Damian Clay, Chairman of the management committee, described the pub's circumstances: "Our tenants were very quick to adapt, they were not going to let it beat them and began selling essential groceries and vegetable boxes. They sourced food from local farm shops and make them available for collection. Before long we were able to offer takeaway meals three days a week and we worked with a local Thai restaurant to offer an alternative menu. A small kitchen garden was created at the back of the pub and the tenants offered a prescription collection service as well."

Damian continued: "The overall experience has built a greater rapport with the community and our tenants really supported the locals through the whole pandemic. I'm convinced we survived because we are community-owned and loved."

Ben Walker, one of the tenants at The Kings Arms said "The great thing is that not only did the community come together to save the pub, they have continued to keep supporting us and this has been so valuable to everyone."





▣ Ye Olde Cross, Ryton, Tyne and Wear

These reasons help us to understand why community pubs, compared to the wider sector, are feeling more confident about the coming months. In their monthly surveys of the wider pub sector, the ONS monitored confidence levels of pubs in the UK. Confidence was predictably low throughout much of 2020, particularly during periods of lockdown. The number of pubs reporting “high” confidence rose and peaked in Spring 2021 due to the sector re-opening (although this dipped sharply in June 2021). At their most optimistic in May 2021, 71% of ONS survey respondents reported “moderate” or “high” confidence about their business surviving the next three months, compared to 84% of Plunkett’s 2021 survey respondents reporting being confident or very confident about the next 12 months.

For the vast majority of community pubs responding to our survey and attending the focus groups, the community ownership model has proven itself in the face of COVID-19 crisis. The resilience of community pubs in the wake of the worst months of the pandemic is not entirely surprising, when we consider that the majority of community-owned pubs are set up in response to a crisis, i.e. the threat of the pub’s closure (56 out of 57 respondents operate within a premises that was previously a pub). Community ownership is a tried and tested means of saving or introducing assets and services.



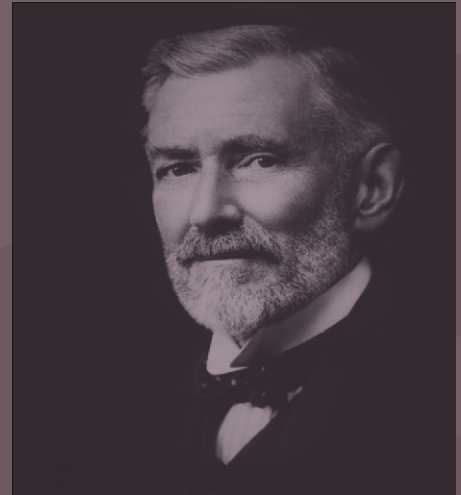
**Plunkett
Foundation**

www.plunkett.co.uk

About Plunkett Foundation

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

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



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

www.plunkett.co.uk/become-a-member/

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