In 2017:

- The community pub sector grew by 30% with 14 new pubs opening during the year
- 85 known community pubs in total were trading across the UK at the end of 2017
- These 85 pubs were owned by over 15,500 shareholders averaging 182 shareholders per pub
- The pipeline of communities exploring community pub ownership grew to 153
- The average cost to set up a community pub during 2017 was £337,650
- 74% of all start-up costs in 2017 were sourced from community shares
- 3 pubs transferred out of community ownership and into the private sector and continue to be run as pubs
- No community pubs ceased trading, maintaining an impressive survival rate of 100%

About this publication

This publication provides quantitative and qualitative information about the size, characteristics and performance of the community pub sector in the UK. It is based on statutory data sourced from the Financial Conduct Authority and Companies House, together with electronic questionnaires, follow up telephone surveys, and additional information held by Plunkett Foundation on every community pub going back over 5 years. This is the third of such reports, building on from what we now know about the sector as it becomes ever more established.

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

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.
It is a pleasure to introduce this latest edition of the Better Business Report for community pubs. Once again, this 2018 edition of the report reveals a sector that is thriving, growing and flourishing, with well over 80 community pubs currently open and trading.

As in previous editions, this year’s report offers a wealth of up-to-date qualitative and quantitative information on community pubs and the community pub sector. As well as providing a useful and valuable statistical resource, the information in this report can also offer pointers and inspiration for those contemplating or embarking on their own journey of community pub ownership.

The report also highlights many examples of the added value of community pub ownership, including initiatives to address social isolation and loneliness, implementing healthcare and wellbeing services, and assisting less affluent people within the community.

Plunkett is proud to have helped these communities achieve their dream of owning and preserving their precious pub and its place at the heart of the community. Much of the support Plunkett has provided has been made possible thanks to our funders, The Power to Change Trust, Esmée Fairbairn Foundation and Prince’s Countryside Fund.

In uncertain times, the power of community initiative in bringing people together really comes into its own, and that is reflected in the figures presented in this report. With a healthy pipeline of community groups requesting advice and support from Plunkett, the growth of the sector looks set to continue unabated.

Julian Ross
Plunkett Foundation Trustee
Since 1919, Plunkett Foundation has been advocating communities taking control of assets and services that are important to them and as a means for tackling wider social and community problems. A community pub is just that – it’s a business owned and controlled by a large number of people from within the community for community benefit.

Community pubs are owned by members (sometimes 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.

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 are providing a wide range of additional services such as retail, post offices, cafes; they become a hive of community and voluntary activity providing space for clubs and societies to operate from; they actively promote inclusion and take care to involve people of all ages and backgrounds and particularly look out for those most vulnerable in society; and they play an active role in addressing isolation and loneliness through the creation of employment and volunteering opportunities.
Community pubs – the story so far

Although community pubs have been around for a while, the movement took a leap forward in 2003, following The Old Crown opening in the Cumbrian village of Hesket Newmarket and their dedication to help other communities do the same. Together, Plunkett and many other advisers have been working with large numbers of communities exploring community ownership of pubs. The introduction of the Localism Act in 2011, allowed communities to register pubs as Assets of Community Value, giving them greater planning protection against possible demolition or conversion. More than 1,250 communities registered their local as an ACV under community rights, helping communities to get prepared in the event of it coming on the market for sale.

Building on existing support, in March 2016, Plunkett with partners (CAMRA, Pub is the Hub, Locality, Co-operative Mutual Solutions, Co-operative & Community Finance, and KeyFund) launched a dedicated programme called More than a Pub, offering end-to-end support including capacity building and a finance package made up of loans and grants. This programme is funded by Power to Change Trust and Ministry of Housing, Communities and Local Government and runs until 2020.

The number of British pubs has been declining since the 1980s as a result of a number of factors including Government legislation e.g. the Beer Orders which changed the market conditions for pub ownership, rising business rates and changing consumer habits with people drinking less or at home. During 2017, CAMRA, the Campaign to Protect Real Ale, claimed that 18 pubs were closing every week across the UK.

“Our vision was to not only save our historic pub, but to also turn it into a hub for the community with additional facilities. We only had a limited amount of time to get our act together, and we are not a big village, so we decided to extend our reach and have both a community share offer and a crowd funding option which would appeal to people living further afield.”

Rob Brook, Chairman, The New Inn, Norton Lindsey

For inspiring case studies and films, see our website: plunkett.co.uk
A growing trend

Plunkett received 132 new enquiries in 2017 from communities exploring community ownership of their local pub, raising the pipeline to 153 groups that were actively being supported in their journey of setting up. Based on our records over a 5-year period, just 1 in 13 new enquiries will go on to reach trading stage compared to 1 in 7 groups exploring setting up a community shop. This is partly due to the additional challenges a pub will have to go through; such as:

- Higher 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

14 new community pubs opened in 2017, taking the total number trading to 85\(^1\) by the end of the year. The average time for a community pub project to purchase the freehold from the initial idea through to trading during 2017 was 16 months, with the range being between 5 and 30 months.

Despite the sector still being relatively small with 85 pubs, the bar graphs below highlight the speed at which it the sector is growing. In 1983, for example, there was only one known community pub, now there are 85, and the numbers are increasing as the sector grows and we become aware of more community pubs that both Plunkett and others are working with.

During 2017, 3 pubs transferred ownership out of community control and into private ownership, where the enterprise continues to be run as a pub. Despite this, the sector survival rate of the community pub sector has been maintained at 100%. This is a remarkable achievement, considering the 5-year survival rate of all UK small businesses was only 44.1% between the years of 2011 and 2016.\(^2\)

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\(^1\) The reason for the significant growth in total number of pubs trading since the 2017 Better Business Report is owing to a broadening of the criteria for a community business made by Plunkett in 2018 which led to us include community pubs with a wider range of legal structures.

Community pubs in the British Isles
- New community pubs in 2017
- Community pubs already established

The map and table below illustrate the highest numbers of community pubs trading are in the South East of England and represents the largest number of openings in 2017. New openings occurred in most other regions and all regions are represented in our pipeline of groups that we are actively working with.

<table>
<thead>
<tr>
<th>Region</th>
<th>Trading prior to 2017*</th>
<th>New openings in 2017</th>
<th>Pipeline at the end of 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Midlands</td>
<td>3</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>East of England</td>
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<tr>
<td>North East</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>North West</td>
<td>6</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Scotland</td>
<td>1</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>South East</td>
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<td>38</td>
</tr>
<tr>
<td>South West</td>
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</tr>
<tr>
<td>Wales</td>
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<td>1</td>
<td>7</td>
</tr>
<tr>
<td>West Midlands</td>
<td>5</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Yorkshire and Humber</td>
<td>4</td>
<td>1</td>
<td>19</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>71</strong></td>
<td><strong>14</strong></td>
<td><strong>153</strong></td>
</tr>
</tbody>
</table>

* Excludes transferred out of community ownership

“Although the pub is situated in an urban setting, the Craufurd feels like a village local. There used to be six pubs in this part of Maidenhead and now this is the only one. The pub, which dates back to the late 1800s, has always been popular, but it suffered from under investment. Under community ownership we are investing any surplus into improving the pub, and with the support of well over 200 members, the pub is now more popular than ever. We are very excited and proud to be another community owned pub in the UK and we are grateful for the support and advice we have received from the Plunkett Foundation. I am sure that without them we would not have been able to achieve our dream of bringing our pint-sized pub into community ownership. Buying the pub has helped to not only sustain the community, but it has also preserved a local asset and a piece of local heritage.”

Mark Newcombe, Chairman of the Craufurd Arms Society Limited
Start-up costs

The costs involved in starting up a community pub will vary considerably, depending on a number of factors, including the cost of the building, the desired level of refurbishment, and type of professional services required. There will also be variances across regions, size and age of premises, rural/urban locality, and whether there are legal or planning disputes in play. Costs can be minimised through community members volunteering their time and expertise towards refurbishment and professional services.

The cost of purchasing the freehold and associated refurbishment in 2017 ranged from £160,000 to £527,000, averaging at £337,650 across the UK.3 When sourcing set-up costs in 2017, approximately 74% of the funding came from community shares with the remainder coming from grants, loans and other fundraising.

### Source of start-up costs in 2017

- Community shares: 78%
- Loans: 18%
- Grants: 7%
- Other: 1%

The price of a single share will be decided by the management committee and using data from pubs that purchased the freehold in 2017, the price per share ranged between £1 and £200 with a minimum shareholding value that ranged between £50 and £250. The critical point is that this decision must be taken by the community, and balance the need to raise a sufficient level of capital and gain maximum involvement and engagement from the local community.

The average community share amount purchased by individual shareholders in 2017 was £1,133. The average value of share capital raised by each pub was £285,413 and the average amount of shareholders per pub in 2017 was 252. This shows a growth in shareholder numbers when compared with historic data of all 85 community pubs known to be trading.

### Loans and mortgages

The majority of community pubs depend on loan finance to support set up costs. 9 of those who purchased the freehold and opened in 2017 used loan finance, averaging £93,322. Plunkett works with a number of ethical lenders and partners who have in-depth experience of the community business sector and offer tailored lending and finance options.

### Grant funding

Of the pubs opening in 2017, grant income ranged from £2,500 to £87,910. Smaller amounts were typically used for feasibility costs, and larger amounts towards capital costs such as purchasing the building. Over recent years, grants have become a smaller proportion of total setting up costs for community pubs – currently 7% in contrast to 33% in 2013. However, this is in part owing to the significant growth in values raised through community shares as much as a reflection of limited grant availability in the market place. During 2017, significant grant capital was still available through the More than a Pub programme, funded by Power to Change. The majority of the 14 new pubs took advantage of this. Whilst the percentage value is relatively low, it cannot be underestimated how important the grant availability was in giving confidence to those setting up to go on to raise such impressive amounts through community shares.

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3 Data based 12 pubs who purchased the freehold in 2017
Legal structures

Community pubs trade, employ staff, manage volunteers, and enter into contracts and financial agreements. They therefore 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, where the emphasis is on representing the community, is controlled by the community and trading for the benefit of the community. We would expect this to include:

- Being able to identify the community that the business will serve
- A management committee made up of members of the community
- Open and voluntary membership
- The community and its needs must be clearly represented with the majority of members from the identified community
- The interests of the pub to be linked into community control allowing the community to have a genuine say in how the business is run – ideally with one member one vote
- Ideally, there should be an asset lock
- Trading should meet the identified needs of the community and a long-term commitment to the community business
- A commitment to re-invest profits in the local community.

Legal structures which allow for this include Community Benefit Societies (CBS), Co-operative Societies, Companies limited by Guarantee, and Community Interest Companies and may also include a Private Company Limited by Shares if the criteria can be established. The majority, 47% are registered as Community Benefit Societies (prior to 2014 known as Industrial and Provident Societies or a Registered Society for the Benefit of the Community). This structure exists to benefit the wider and collective interests of a community, rather than that of its staff, members or committee. This fits with the aims and objectives of most community groups that are setting up a community pub i.e. they are doing it out of concern for those who will be particularly disadvantaged without such a service. A Community Benefit Society structure also encourages and promotes the role of an active membership, which is why we see them having an average of 220 members per pub, compared to 145 members with pubs registered with other legal structures.

The benefits of having a larger and more engaged membership base include:

- Having a larger number of people who have a financial interest in the pub and who are more likely to use it regularly
- A greater number of people who get involved with the management committee and meetings and positively contributing to the overall direction of the business
- A more accessible pool of people to draw on when committee numbers are falling, or when more volunteers are needed to help run the business
A small membership can leave groups vulnerable when volunteer numbers reduce, or when the original directors or committee members are no longer able or willing to serve.

A further reason for the popularity of the Community Benefit Society model is that the Co-operative and Community Benefit Society Act legislation makes it one of only two legal structures (the other being a Co-operative Society) that can issue community shares, which since 2012 have been responsible for raising an average £202,578 per group towards set up costs.

Community shares are non-transferable, withdrawable share capital which is a unique form of equity that only applies to Co-operative and Community Benefit Society legislation. A charitable company, trust or CIO, and both forms of CIC, must follow the rules of the Financial Promotions regime in the same way as a commercial company. By contrast, a Community Benefit Society can use an exemption from the Financial Promotions regime if the investment offer relates only to non-transferable shares.

**Legal structure in use by all 85 community pubs**

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Unknown 1%
Private limited company 30%
Community Benefit Society 46%
Co-operative 13%
Community Interest Company 5%
Company limited by guarantee 5%
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**Financial performance**

The most accurate data available is from analysing the financial returns submitted to the FCA by Community Benefit and Co-operative Societies. For this section of the report, we have identified 39 such Societies with financial data that is no older than 3 years old and is the most up to date information recorded by the FCA.

The average turnover from data analysed for 24 managed pubs is £224,899 ranging from £24,081 for a rural pub in the West Midlands to £752,158 for an urban city pub. The average net profit was £149 ranging from a loss of £28,780 to a profit of £50,378.

When comparing rural managed pubs with urban managed pubs, rural pubs achieved average turnovers of £228,148 and urban pubs £311,608. Rural pubs achieved average net profits of -£1,357 and urban pubs £3,613.

15 of the 39 financial returns analysed were tenanted pubs, which means that the turnover for these pubs consists almost exclusively of rental income. From this it can be deduced that the average turned over was £31,588 from rent. This ranged from £9,303 to £75,119. The average net profit from tenanted pubs was £4,322 ranging from a loss of £19,314 to a profit of £21,046. The negative figures are likely to be attributable to set up costs.

“It was a fantastic achievement to save this pub from closure, thanks to the help of hundreds of people – stakeholders, villagers, councillors, press, MPs and groups like Pub is the Hub and Plunkett.”

Chris Porter, Chair of the Harrow Community Benefit Society Group
Running the pub and the people involved

**Governance**

Community pubs are membership organisations; the members 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. On average, community pubs have approximately 182 members and previous data shows 11 representatives on the management committee.

**Ownership and tenure**

The majority of communities (69 groups representing 80% of all community pubs) own the freehold of the pub building; the remainder (16 groups or 20% of all community pubs) rent or own the leasehold. The majority of those who rent or lease aspire to own the freehold at some point in the future if the opportunity arises.

30 groups, representing 43% of freeholders have opted to manage the business themselves through paid staff or volunteers (managed pubs). The remaining 39 groups or 57% have sought tenants to run the business on their behalf (tenanted pubs) but following a clear mandate from the management committee as to how they wish the pub to be run. Of the 16 pubs that lease or rent the building, 15 have opted for the managed route.

**Volunteers and paid staff**

Previous data shows that 28% of all community pubs benefit from volunteers in the day to day running of the business i.e. beyond the role of committee member. Volunteers can be a great asset to the business, helping to spread the workload, reducing staffing costs, and adding to the social environment of the pub. Typical tasks carried out by volunteers include: cleaning, gardening, ordering stock, organising social events, bookkeeping, marketing and social media; through to running additional services such as shops, cafes, libraries, and allotments.

As well as the strong volunteering workforce, community pubs create regular paid employment opportunities. In a rural setting, this can often be the largest single employer in that community.
Impact

Community pubs go much further than simply saving a pub from closure or to save it from the threat of redevelopment, and become the hub of their community by being open long hours, open to all the community, and hosting a wide range of services in addition to the sale of food and drink.

When considering setting up a community pub, it is important to evaluate how to create a positive impact in the community by looking at the social impact that is needed in the community.

Plunkett Foundation believes that when considering social impact, a community must identify the needs of the local community, usually via a consultation questionnaire, speaking at local events and working with local community groups or partners, and then to identifying the services needed to address those needs. This might be by looking at how to:

- Alleviate social isolation and loneliness
- Improve healthcare and wellbeing
- Boost the local economy

In a rural community, the pub can often address the above by becoming a social hub in the community offering additional services such as a shop, café, post office, meeting rooms and much more, all enabling people to make a greater use of the building and provide a greater impact in their communities.

Urban community pubs often create a cultural impact by creating opportunities to become a music or entertainment venue in addition to a traditional pub. An example of this is the Gardener’s Rest in Sheffield, that offers live music three nights a week, an activity centre and a place to hold local exhibitions.

Alleviating social isolation and loneliness

From the setting up phase to the running of the pub, these businesses involve large numbers of people from the community as members, committees, volunteers, staff and customers, and as such they become highly social places which bring people together. Because they are so much more than a pub, community pubs are a great leveller – they bring people together of all ages, backgrounds, interests, and give them a purpose to interact. This 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. Put simply, community pubs address social isolation and loneliness.

Community pubs actively support those who may feel isolated or lonely and examples include:

- Offering affordable lunch clubs
- Offering meeting spaces for local clubs and societies
- Creating volunteer opportunities and work experience
- Creating allotments or a community garden
- Offering meeting rooms for community use and external hire

“We all have a shared goal now: to make the pub a success for years to come. Any profits the pub makes can be reinvested to further improve the premises or be used to benefit other community facilities such as the village hall and playground. This project is already bringing about greater community cohesion, and achieving our goal has given the community a real sense of empowerment and pride. We believe that health and wellbeing are enhanced when people are able to keep their independence but feel safe in the knowledge that there is genuine care within the community should they need it.”

Rob Brook, Chairman, The New Inn, Norton Lindsey
Healthcare and wellbeing
Community Pubs improve the health and wellbeing of local residents in their communities. This may be by offering a meeting space or rooms for those offering health services such as NHS consultations, chiropody or counselling services, or it may act as a base for clubs and activities such as walking and cycling groups. It may also offer volunteering and employment opportunities for those that could benefit from the company of friends and colleagues or learning some life skills to enable them to gain paid employment.

Other examples include:
- Installing or funding a defibrillator
- Becoming a fully accessible venue
- Running exercise and fitness classes
- Holding regular group activities
- Dementia and Alzheimer cafes
- Creating and maintaining a garden with voluntary support
- Offering fresh healthy food
- Adult education and training

Boosting the local economy
A community pub offers a resilient form of business that can help regenerate the local economy. It is often the case that the pub has been unoccupied for a period of time or has been unsuccessfully marketed, and once under community control, it can generate exciting opportunities for the local area. This may be by:
- Creating employment opportunities
- Offering training opportunities to staff and volunteers
- Purchasing from local suppliers
- Improving access to other local services
- Raising money for local charities either through fundraising events or by using surplus profits to make donations
- Encouraging collective investment via community shares in the local economy
Case studies

The Duke of Marlborough, Somersham

The Duke of Marlborough is a 500 year old inn and a Grade II listed historic building located in the attractive rural Suffolk village of Somersham. Threatened with the prospect of the pub being de-licensed and sold as a private residence, Sarah Caston, a local doctor, took action and set about saving this vital community asset.

Community ownership is not a new concept in Somersham; a community-owned shop already exists in the village and so a campaign to buy the pub, valued in the region of £300,000, was vigorously embraced and supported by local people, already familiar with the concept of community owned business. A steering group comprised of local individuals with a wide range of expertise was set up and a host of additional volunteers also came forward and offered to be involved in many different activities ranging from leafleting and fundraising, to event management, gardening, refurbishment and DIY.

Somersham Community Pub Ltd was registered as a Community Benefit Society (CBS) and after two years of fundraising and campaigning, enough money was raised from a mix of Community Shares, Local authority grants and a grant and loan from the More than a Pub Programme to buy the pub. Over 240 shareholders now own the pub with the management committee running it on their behalf.

The local community is predominantly rural and consists of eight parishes within a 5 mile radius. Keeping the pub open has ensured that there is local employment available where there is poorer access to transport and local services. As well as paid employees, who all live locally, the pub has around 20 regular volunteers who also live in the local community. Involvement in pub activities has enabled these volunteers to train and gain new skills in both the running of the pub, working on the bar and organising activities.

A very limited bus service is offered in the village and surrounding area, offering only four return buses a day, the last one at 5pm. Without the pub, there is limited opportunity for local residents to socialise and an increased risk of isolation and loneliness. With an ageing population in mind, the pub has launched a café and is in the process of organising a regular volunteer run coffee morning and afternoon tea to enable people to meet during the day.
The Gardeners Rest pub nestled in the fast changing district of Neepsend, one mile to the north-east of Sheffield, is a much-loved base for a diverse community of individuals and community groups, many of whom come together to socialise and choose to make the pub their home from home.

The Gardeners Rest Community Society group that came together to save the pub, using a Community Benefit Society, had a vision to preserve the unique character of this historic pub, and for it to act as a hub for the many communities of interest that choose to use it. They wanted the pub to remain a venue of choice for the delivery of many valued community services as well as trading successfully as a traditional local pub.

Day to day, the pub has a busy schedule of activities. One day a week, member drivers collect a dozen or so men who are over 50 and socially isolated – they enjoy a light lunch and a game of cards.

Another evening hosts a learning disability social evening and the pub has provided a venue for a recent Autism Acceptance Course. A regular calendar of events and entertainment showcases and caters for Gorilla poetry, Morris Dancers, art exhibitions from Kelham Island Artist Co-operative and photography exhibitions. Local interest groups such as the Dementia Friends group, art therapy group, theatre group, and heritage walking group all make use of the versatile pub space, garden and function room too.
About the Plunkett Foundation

Established in 1919, Plunkett Foundation helps communities to take control of their challenges and overcome them through co-operation and collaboration. We support people, predominantly in rural areas, to set up and run community businesses; enterprises that are owned and run democratically by large numbers of people in their community. They help people to tackle a range of issues such as isolation, loneliness and poverty, and come in many forms including shops, cafés, pubs and land-based initiatives, and anything in between.

If you share our values, ask us about becoming a member

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