Plunkett UK
Rural Community Business

Business support for co-operatives and non-financial mutuals

Open call for evidence

Q1. If the co-operative and mutuals sector were to grow, what do you expect the key impacts would be?

Our response is based on extensive evidence published by Plunkett UK and relates specifically to a scenario in which the opening rate of rural community-owned businesses doubles over the next 10-year period.

With the right support in place, Plunkett could significantly grow the rural community business sector, which already represents around 10% of all independent co-operatives and is the fastest-growing segment of the co-operative economy. Under this scenario, we estimate that by the end of 2035 there would be 1,360 rural community businesses trading across the UK—an increase of 500 new businesses, equivalent to 58% growth. We would expect this expansion to deliver the following key impacts:

- **Resilient local businesses where markets fail:**
  Rural community businesses frequently operate where commercial provision has withdrawn, securing essential services and preventing the permanent loss of local economic infrastructure. By 2035, we anticipate around 60 new community businesses opening each year—predominantly village shops and pubs. With 1,360 businesses trading nationwide, these enterprises would serve an estimated 3.3 million people.
- **Job creation and social mobility:**
  Growth at this scale would create an additional 3,000 jobs (8,000 in total), with around 32% benefiting people under the age of 24. Rural community businesses have a strong track record in supporting social mobility: 51% currently support people living with disabilities, 37% support those with additional learning needs, and 77% report staff and volunteers on an upward skills and development trajectory.
- **More civic participation and pride in place:**
  With an estimated 350,000 members and shareholders, and around 58% of surpluses typically reinvested locally, community businesses are expected to invest £3.9 million back into community projects in 2035 alone. This level of reinvestment will leave rural communities better equipped and more confident to shape their places and influence the services that operate within them.
- **Stewardship and long-term investment:**
  Community ownership promotes long-term stewardship of assets and land. Many rural community businesses invest in energy efficiency, renewable energy, local supply chains, and sustainable practices—supporting progress towards net zero while reducing operating costs. By anchoring essential services locally, these

businesses also reduce the need for longer journeys and help sustain viable rural settlements.

- **Reduced isolation and improved wellbeing:**
  Rural community businesses provide trusted “third spaces” for connection and civic participation, helping to reduce isolation, improve wellbeing, and strengthen community resilience.

- **Volunteering and community leadership at scale:**
  This growth would mobilise volunteering at scale, creating an estimated 13,000 new volunteer opportunities by 2035 (34,000 in total). These roles provide routes into skills development, confidence-building, and community leadership.

- **Higher economic output and stronger local multipliers:** Combined turnover is projected to reach £273 million by 2035, with an estimated Gross Value Added (GVA) equivalent of £701 million. For context, Plunkett’s network generated approximately £437 million in GVA in 2024. Evidence cited by Plunkett (via Power to Change) shows that around 56p of every £1 spent in a community-owned asset is retained locally, compared with 40p for large private firms—meaning this growth would significantly increase local economic retention and strengthen rural supply chains.

Q2. We are interested in reliable data sources that evidence the impact of co-operatives and non-financial mutuals on economic growth. What data sources are available that show the impact - positive, neutral, or negative - of co-operatives and mutuals on economic growth?

Plunkett UK holds one of the most comprehensive longitudinal datasets on rural community ownership in the UK. Over the past 25+ years, Plunkett has supported the creation and development of nearly 900 rural, community-owned businesses. Annual data are collected from all supported businesses, covering trading characteristics, financial performance, employment, and wider impacts on both local and national economies. These datasets are available to policymakers on request and are also synthesised in Plunkett’s published research, including *Community Ownership: A Better Form of Business* (2025).

Plunkett also draws on complementary evidence from sector partners including Power to Change and Co-operatives UK to contextualise and triangulate findings. Further evidence on economic, social and financial impacts is available through Plunkett’s wider programme of research on rural community businesses, accessible via its reports library, including the *Impact Report 2025* and Plunkett UK’s annual *State of the Sector* research. Plunkett’s response to DBT has been developed following rigorous consultation with its member businesses, seeking their direct feedback on draft proposals and incorporating additional evidence and insights provided by communities themselves.

Q3. How do different types of co-operatives and non-financial mutuals drive economic growth differently?

Rural community-owned businesses typically operate in areas of clear market failure rather than in locations traditionally associated with high-growth economic activity. In many cases, they emerge as a direct response to the withdrawal or impending closure of private-sector services that are no longer commercially viable, such as village shops, pubs or post offices.

As a result, their primary economic role is often one of **stabilisation and replacement**—maintaining access to essential goods, services and employment where the market has failed—rather than displacing or competing with existing commercial provision.

However, Plunkett UK is increasingly seeing evidence of **genuine economic growth**, particularly in communities where no equivalent service has existed for many years. This includes villages establishing a community-owned shop or pub after a gap of 10–15 years or more, often following wider public sector withdrawal and associated challenges such as isolation, reduced social infrastructure, and declining footfall. In these contexts, community-owned enterprises do not simply replace a lost business; they create **new economic activity**, reintroduce local spending, support new supply chains, and act as anchors for wider social and economic regeneration.

Community ownership is also being adopted proactively within **new housing developments**, where developers are recognising the long-term economic and social value of embedding community-owned services in place of purely commercial provision. This shift reflects both Plunkett's strong evidence on survival and resilience rates, and growing recognition that community businesses align with residents' expectations around place-making, social value and local stewardship—outcomes that are not always guaranteed by commercial operators alone. In this way, community-owned businesses are increasingly contributing not only to rural economic resilience, but also to **planned growth**, sustainable development, and the creation of thriving, connected communities.

The type of economic growth we are seeing from rural community owned businesses includes:

A) They generate turnover and measurable economic value (GVA)

- Plunkett estimates the sector's **combined turnover reached £166m in 2024**, and that this level of activity corresponds to a **Gross Value Added (GVA) contribution in the region of £437m**.

B) They keep more money circulating locally (higher "local multiplier")

- Evidence referenced from Power to Change shows that **for every £1 spent with a community owned asset, 56p stays in the local economy**, compared with **40p for large private sector firms**—supporting local supply chains and reducing economic leakage from rural places.
- In 2024, community shops were estimated to have sourced from **13,000 local suppliers**, demonstrating how these businesses can anchor and grow local trading ecosystems (including supporting new/early-stage rural producers and traders through routes to market).
- Plunkett reports that a significant share of community-owned businesses **reinvest surpluses to support local community action**, equivalent to £2.4m in 2024 alone.

C) They create jobs, skills pathways, and volunteering that supports local labour markets

- Plunkett's records indicate community businesses employ an average of **5.9 FTE staff**, totalling **4,885 roles** across the sector, while also engaging substantial volunteer capacity (in the region of **20,000** regular volunteers).

D) They improve resilience and business continuity in rural economies

- Community ownership is associated with high survival outcomes: Plunkett's Better Business report highlights a **94% long-term survival rate**, and an **average five-year success rate of 97.5%** for community businesses.

Q4. What data, if any, is available on the demographic characteristics – such as age, gender, ethnicity, disability, and socioeconomic status – of the management and workforce of individual co-operatives and non-financial mutuals in Great Britain?

A) Predominantly Rural and Community-Centred

- **86% of all community-owned businesses in Plunkett's records are located in rural areas**, reflecting the model's core focus on communities where private sector provision has declined and where residents lack access to essential goods and services.
- They serve **an estimated 2 million rural residents**, typically covering an immediate population of about 500 per business and extending reach to surrounding parishes.

B) Broad Range of Business Types

- The sector includes a diversity of business models, with the **largest shares being community shops (459) and community pubs (205)**. Other types include woodlands and land projects, health, sport and leisure services, farms, cafés, markets and more.
- This diversity reflects responsiveness to local needs rather than a narrow commercial sector profile, with businesses tailored to the specific service gaps identified by communities.

C) Shareholder and Ownership Characteristics

- Community businesses feature strong local ownership: on average each business has **172 shareholders**, totalling **142,416 across the 828 businesses trading at the end of 2024**.
- Newer businesses (opened in 2024) show even higher engagement, with an average of **423 shareholders each**, demonstrating intensifying community investment and local buy-in.
- Average share capital invested per business was **£93,572**, indicating substantial local financial commitment.

D) Workforce Age Diversity and Inclusion

- Community businesses employ an average of **5.9 full-time equivalent (FTE) staff** each, with a total of **4,885 roles** across the sector.

- Young people are a significant part of the workforce: **32% of the workforce are aged under 24**, and **77% of businesses create opportunities for youth skills development and career progression.**
- A large majority (**78%**) pay the Real Living Wage or higher, indicating positive employment standards.

E) Volunteer Base and Intergenerational Participation

- Community businesses mobilise a substantial volunteer base, engaging an estimated **20,700 regular volunteers** (averaging 25 per business).
- Volunteers include both **older residents (over 60)** and younger people; 49% of businesses have at least one volunteer under 24.
- Around **76.5% rely on volunteers over 60 for more than half of their volunteer workforce**, highlighting the role these businesses play in social engagement and wellbeing for older demographics.

F) Inclusivity and Accessibility

- Community businesses demonstrate strong inclusivity:
    - **33% offer employment to people in their first paid job**.
    - **14% employ people with a disability or long-term health condition**.
    - Many businesses partner with charities and organisations to support people with additional support needs, people living with disabilities, or those seeking to grow skills as pathways to employment.
- Their democratic ownership model ensures open membership, equal voting rights, and accountability to community needs rather than investor returns.

G) Community Impact on Vulnerable Groups

- An estimated **25% of beneficiaries of rural community businesses are over 65**, a demographic group that faces higher risks of poverty, isolation and reduced access to services in rural settings.
- Because these businesses often fill service gaps left by closures, they play an important role in supporting older residents, families, people with limited transport options, and those experiencing social isolation.

Collectively, these qualitative and quantitative data portray rural community businesses as locally rooted, inclusive, and community-driven enterprises that not only deliver essential services in under-served rural contexts, but also mobilise diverse community participation—across age groups, socio-economic backgrounds, and skills levels—to support local economic life and social cohesion.

Q5. Why did you agree and/or disagree with the previous statements?

Q5a. Strongly agree

The co-operative model remains relatively little known among the general population in the UK. While many people are familiar with “the Co-op” as a food retailer, there is far less awareness of co-operation as a business model that can be applied across a wide range of sectors and services.

Plunkett UK provides the only dedicated, UK-wide support service for communities considering the establishment of a rural community-owned business (typically registered as Community Benefit Societies). However, Plunkett’s own role and identity are also not widely recognised. Although we receive over 500 new start-up enquiries each year, the majority of communities find Plunkett through referrals from other community businesses rather than through direct brand recognition. Even when receiving pre-start or in-business support, many communities do not actively identify their enterprise as a co-operative, instead describing it simply as a community-owned or community-run business.

In a rural context, the motivation for establishing a community business is rarely a deliberate choice to create a co-operative or even to start a business at all. Instead, it is typically driven by a lack of alternatives: essential local services are closing, leaving communities facing life without access to shops, pubs, post offices or shared social spaces. In these circumstances, where commercial provision is no longer viable, community ownership - often reliant on volunteer effort - becomes the only realistic option to maintain services, social connection and local resilience.

Q5b. Strongly agree

Firstly, there is certainly a case that co-operatives receive less government support and subsidy than both private and public sector services.

Secondly, where funding is available, rural co-operatives (or community owned businesses) are often bypassed due to assumptions that rural areas are more affluent and experience less disadvantage. This has been evident in national programmes such as the Pride in Place initiative, which largely excluded rural areas.

Government funding criteria are rarely rural-proofed and tend to rely on population density, scale, footfall or standard deprivation indices that mask dispersed and “hidden” rural disadvantage. As a result, rural community businesses—despite operating in areas of clear market failure and delivering essential services, employment and social infrastructure—are unfairly excluded.

Q5c. Agree

Whist rural community-owned businesses are often initiated by highly skilled individuals from diverse backgrounds, they are typically new to the co-operative sector and their associated legal or governance frameworks, and lack the relevant experience of running rural businesses such as village shops and pubs.

This is why organisations such as Plunkett UK, Co-operatives UK and other co-operative development bodies play a vital role. They provide specialist advice, training and ongoing support to help communities navigate the complexities of co-operative law, governance and compliance, while embedding co-operative values in practice. Crucially, this support ensures that community-owned businesses remain member-led, legally robust and focused on delivering long-term benefit for their communities, rather than prioritising short-term commercial outcomes.

Q5d. Strongly Agree.

Mainstream business advice is typically designed for privately owned companies, with a primary focus on profit maximisation, rapid growth and individual ownership. As a result, it often fails to account for the distinctive legal structures, democratic governance, asset locks and member-led decision-making that sit at the heart of community ownership. Applying conventional business support to community businesses can therefore be inappropriate, and in some cases actively risky, if they undermine co-operative principles or expose volunteer directors to compliance and governance failures.

Specialist support for community ownership is currently provided by a small and fragile ecosystem of co-operative development advisors, operating as freelance consultants, within small agencies, or through sector bodies such as Plunkett UK and Co-operatives UK. This ecosystem is under-resourced, overly fragmented and constrained by a limited supply of advisers with deep, practical experience of both co-operative law and community-led enterprise. Demand for this expertise continues to grow, particularly as government ambitions to expand the co-operative sector increase, yet investment in the organisations that hold this knowledge has not kept pace.

Plunkett UK and Co-operatives UK therefore play a unique and irreplaceable role. They provide trusted, specialist support that integrates legal compliance, governance, finance and business planning with co-operative values and community benefit. Without sustained investment in these organisations, there is a real risk that communities will be encouraged to establish co-operatives without the specialist guidance needed to ensure they are viable, compliant and genuinely member-led over the long term.

Q5e. Agree

Organisations such as Plunkett UK, Co-operatives UK and Locality are making significant progress—through initiatives like the Community Shares Unit—to increase public awareness and understanding of community shares. Community shares represent a unique and highly effective form of patient investment for co-operative businesses, including community benefit societies, enabling local people to invest directly in assets and services that matter to them.

However, there remains a substantial gap in awareness and understanding of these structures within government, the banking and financial services sector, and parts of the philanthropic community. As a result, community-owned businesses frequently miss out on investment opportunities, face reduced access to appropriate finance, or are offered less competitive rates and terms. This lack of institutional understanding can undermine business viability from the outset, despite the strong evidence base supporting community ownership as a resilient and sustainable model.

Q5f. Neither agree nor disagree

Q5g. We agree

Rural community businesses supported by Plunkett UK are inherently co-operative and collaborative in nature. However, there is limited resource available to sustain peer networking and knowledge-sharing. While community businesses are largely volunteer-led and are more than willing to invest their own time and, in many cases, their own funds to participate in peer learning, they rely on organisations such as Plunkett to convene, coordinate and support these opportunities. Without dedicated resource for this facilitation, opportunities for collaboration, shared learning and sector resilience are constrained.

Q5h. Strongly agree

There is very little business support in the UK that is genuinely suited to community-owned and co-operative businesses. Mainstream advice is designed for private companies and often fails to reflect the legal, governance and democratic requirements of community ownership, creating real risks for volunteer-led organisations.

As a result, communities rely on a small and fragile ecosystem of specialist support, primarily delivered by organisations such as Plunkett UK and Co-operatives UK. This expertise is in short supply and increasingly overstretched, despite growing demand and government ambitions to expand the co-operative sector.

A modest, stable investment of around **£250,000 per year** in an organisation like Plunkett UK would be highly cost-effective and transformational—safeguarding specialist expertise, supporting hundreds of community businesses, and ensuring new co-operatives are viable, compliant and genuinely community-led over the long term.

Q5i. Strongly agree

In the context of rural communities, the motivation for setting up a community business is rarely a matter of choice. Instead, it is driven by market failure: low footfall and limited commercial viability mean that traditional private-sector models are no longer sustainable, leaving community ownership as the only realistic option. Despite this, the co-operative model consistently proves successful in rural settings precisely because it is rooted in, and responsive to, the needs of the community it serves.

Q5j. Agree

Setting up a community benefit society (co-operative) is a nuanced process that requires a clear understanding of co-operative legislation, governance and regulatory compliance. As a result, external specialist support—such as that provided by Plunkett UK and Co-operatives UK—is essential to help communities navigate these requirements and to ensure that the distinctive co-operative mindset, particularly around community and member engagement, is fully understood, embedded and effectively put into practice.

Q6. In general, do co-operatives or non-financial mutuals face any unique barriers to starting-up that other types of business don't face? Please explain your answer.

A) Lack of awareness and promotion

The community business model is still relatively unknown among communities, local authorities, landowners and developers. For example, many rural communities are unaware that community ownership is a viable alternative when local shops, pubs or services are at risk of closure, while public bodies and advisers often default to private or commercial solutions. This lack of visibility limits early intervention, reduces the number of viable projects entering the pipeline, and delays asset acquisition until opportunities are lost or prices escalate.

Even when projects reach the pipeline, key authorities and suppliers often lack understanding of the co-operative model. Banks and utilities, for example, frequently fail to recognise Community Benefit Societies because they file with the Mutuals Public Register rather than Companies House. This leads to delays in opening accounts and reduced access to competitive rates and services, undermining viability from the outset.

B) Rural Planning Policies

Rural planning policies that tightly restrict housing, commercial and industrial development are unintentionally limiting the growth and sustainability of community-owned businesses. In many rural areas, strict development controls suppress population growth, reduce footfall and constrain local employment, weakening the customer base that community businesses rely on to remain viable. Many local authorities even reject applications for signage for rural businesses to limit traffic, further restricting visibility and growth. Where new housing or commercial space is permitted, community infrastructure is often not embedded within developments, missing opportunities to create locally owned shops, services or social hubs from the outset. As a result, community businesses are left serving shrinking or static markets, limiting their ability to grow, diversify services or achieve long-term financial resilience despite strong local demand.

C) Inadequate and inaccessible funding – start-ups

Community businesses require early-stage financial support (typically up to £15,000) for feasibility studies and additional grants (up to £250,000) for asset purchase and other setup costs. However, no dedicated funding stream exists for these ventures. Where funding is available, it is often limited, highly competitive, or biased towards urban deprivation measures. The recent Pride in Place initiative, for example, has more or less bypassed rural areas completely. Moreover, rigid timeframes and inconsistent funding rounds introduced by funders can make it difficult to align grants with asset purchases or project timelines.

D) Inadequate and inaccessible funding – growing and sustaining

Community businesses are often sustainable once trading, but their typically low footfall and margins—generating annual surpluses of around £5,000—leave little scope to build cash reserves. As a result, they struggle to absorb financial shocks, invest in assets, or pursue diversification and innovation, increasing the risk of closure. Access to short-term, small-scale grants and loans could enable both survival and growth. However, existing grant funding tends to favour start-ups over established businesses, while public funding often overlooks rural projects. In the absence of suitable funding, some community businesses rely on donations, but they are disadvantaged when competing with charities that can offer tax relief and benefit from Gift Aid.

E) Increasing Taxation

Despite the resilience of rural community businesses, they are being hit by rising costs, staff shortages and political instability. Whilst this puts many community businesses into the category of ‘only just surviving’, further recent government interventions are putting them at risk of trading completely. A typical community pub, for example, saw their costs rise by £31,000 in 2025 because of increases to national insurance, the minimum wage, and business rates. With average trading surpluses of £5,000, this will ultimately lead to a reduction of community pubs trading, and a deterrent to those currently considering setting up.

F) Digital Connectivity

Digital connectivity is a significant barrier to the establishment and sustainability of new community businesses in rural areas of the UK. Many rural communities continue to experience poor or unreliable broadband and mobile phone coverage, often relying on outdated infrastructure that is vulnerable to weather damage and prolonged outages. This lack of reliable connectivity directly affects day-to-day trading, including the ability to process electronic payments, manage bookings or stock systems, communicate with suppliers, and comply with digital reporting requirements. It also severely limits a business's capacity to advertise, engage with customers online, or use social media and email effectively. For start-up community businesses, which typically operate on tight margins, frequent loss of connectivity can result in lost income, reduced customer confidence, and higher operating risk, making rural locations less viable without significant improvements in digital infrastructure.

G) Community rights and property barriers

Acquiring local assets into community ownership remains a significant challenge. Communities often face inflated asset prices driven by speculative "hope value", limited access to timely capital, and short sales timescales that favour commercial buyers. In many cases, pubs, shops and other valued assets are sold as part of larger portfolios or by distant owners, leaving little opportunity for community groups to organise, raise finance and submit competitive bids. While existing *Community Right to Bid* provisions have helped, they are insufficient without fair valuation, adequate moratorium periods and accessible funding. There are also a growing number of cases whereby owners of ACV's are refusing to put empty properties such as pubs on the market, for fear of losing out on speculative values and in the safety of knowledge that local councils will not use their compulsory purchase powers.

H) Human resource and capacity constraints

Community businesses heavily depend on volunteers when both setting up and trading, but availability and abilities will vary, especially in less affluent or ageing communities. Community businesses require specialist legal and governance expertise, but few people or organisations are equipped to offer this. Organisations such as Plunkett do have this, but struggle to meet growing demand due to limited and inconsistent income.

I) Workforce recruitment challenges

A lack of affordable housing in rural areas—driven by demand from retirees, second-home buyers, and the holiday market—has made it difficult for workers to live locally. Between 2013 and 2023, rural house prices rose by 57% while incomes rose only 28%. This limits the availability of staff for community businesses and public services, placing extra pressure on volunteers and slowing sector growth.

Q7. Do different types of co-operatives and mutuals face different barriers to starting-up? Please explain your answer.

Our knowledge and response are limited to rural community-owned businesses, and we do not seek to comment on other forms of co-operative. However, based on our experience, we remain concerned that understanding of rural contexts within both government and philanthropic trusts is limited, resulting in funding and policy approaches that tend to favour urban beneficiaries. While we fully recognise and support the need for all communities—rural and urban—to receive appropriate support, the current landscape places rural areas at a disadvantage, despite the distinct challenges they face and the essential services they provide.

Q8. Are there industry or sector-specific barriers to starting a co-operative or non-financial mutual? Please explain your answer.

Community pubs are among the most complex and difficult forms of community-owned business to establish. They typically involve high acquisition costs, rising energy and operating expenses, and are often housed in older or heritage buildings that require significant upfront investment to address poor condition, deferred maintenance or compliance with modern standards. Unlike other community businesses, pubs also rely on labour-intensive trading models, requiring a consistent volume of skilled staff to operate long opening hours, including evenings and weekends. In rural areas, these challenges are compounded by a restricted labour market, driven in part by high house prices, limited affordable housing and poor transport links, which make it difficult to recruit and retain staff willing or able to work unsocial hours. Together, these factors mean that community pubs face higher start-up risk and capital requirements, despite their critical role as social and economic anchors in rural communities.

Q9. Is the rationale and process for growing a co-operative or non-financial mutual the same or different for growing a business which is not a co-operative or non-financial mutual?

The rationale for growing a community-owned business is less about pursuing economic growth for its own sake and more about responding to the evolving needs of the community. A typical community pub, for example, often begins with the aim of saving a valued local asset—a much-loved building at risk of loss. Once trading, however, communities frequently identify wider needs and opportunities to use that asset as a platform for additional services, such as retail provision, access to cash, or health and social care activities. This growth is driven initially by necessity, but over time also by the opportunity to build on early social, economic and environmental impact. As confidence grows, communities become more ambitious. However, when government policies make it harder for these businesses to survive, that momentum can stall, leaving communities feeling undervalued and undermining the motivation that underpins their long-term success.

Q11. Are there unique barriers to growing and sustaining a co-operative or non-financial mutual which other types of business don't face? Please explain your answer.

A key issue for rural community businesses is their predominantly volunteer-led nature, which means their focus is often on survival rather than growth. This is compounded by a lack of available support for diversification, as much of the funding landscape—including for organisations such as Plunkett UK—remains heavily weighted towards start-up activity rather than the long-term sustainability of existing businesses.

Plunkett's network of rural community businesses is feeling particularly vulnerable at present due to additional costs arising from recent government measures, including increases to National Insurance, the National Living Wage and business rates. Plunkett's research from November 2025 indicates historically low confidence levels across the sector, with **32% of businesses reporting they are 'only just surviving' and a further 2% at risk of closure**. While these pressures affect all small businesses, rural community businesses are disproportionately impacted. They operate in areas of market failure with lower footfall, face higher input costs due to rurality and limited purchasing power, and are largely volunteer-led, with restricted time and capacity to respond strategically to rising pressures.

In periods of low confidence such as this, targeted, temporary revenue funding—ideally in the form of grants—is critical. This would enable community businesses to invest in paid staffing, providing strategic capacity to stabilise services, adapt operating models and rebuild confidence, rather than simply managing decline.

Q12. Do different types of co-operatives and non-financial mutuals face different barriers to growing and sustaining? Please explain your answer.

Our knowledge and response are limited to rural community-owned businesses, and we do not seek to comment on other forms of co-operative.

Q24. Is there enough tailored support for co-operatives and non-financial mutuals?

Plunkett UK holds the specialist expertise required to support rural community-owned businesses, but currently lacks sufficient core income to meet the volume of demand for advice and support. We are therefore seeking an additional **£250,000 per year** to strengthen our core service. This modest investment would be critical to maintaining the current start-up rate, enabling us to double the rate of new openings over the next decade, and—crucially—to provide sustained support to existing trading businesses. In doing so, it would help prevent avoidable closures and protect the exceptional survival rates that characterise rural community ownership.

We believe this approach is preferable to the creation of a new, centralised co-operative support agency, as the needs of different co-operative subsectors vary significantly. The co-operative sector is not homogeneous, and effective support depends on deep, specialist understanding of the distinct legal, operational and market contexts in which different co-operative models operate.

Q25. Is there support or advice you think is missing for co-operatives and non-financial mutuals?

Plunkett is keen to see all forms of co-operative and mutual business grow and thrive across the UK, in both rural and urban communities. These models promote fairness, shared ownership, and long-term stability by placing members and communities at the heart of decision-making. We are also keen to see government support and invest in all such forms of business – strengthening the UK economy, and making it a better nation for people, places and communities.

The following policy recommendations, however, focus specifically on rural community businesses, reflecting Plunkett's remit and expertise.

1. Supporting new community businesses to open

With the right support and investment, we believe we could grow the opening rate from 30 to 60 rural community businesses a year over a period of 10 years. This would represent a total growth equivalent to:

- 1,075 rural community businesses trading in 2030 with a GVA equivalent of £567M
- 1,350 rural community businesses trading in 2035 with a GVA equivalent of £713M

This growth would be dependent on the following interventions:

1a. Maintaining core support services

To ensure continuity of growth of new rural community businesses each year, Plunkett is seeking an annual grant of £250,000 towards our £1.3m community ownership service - ideally from government. This is justified on the basis of being the only UK-wide organisation dedicated to supporting the creation of new rural community businesses and as a charity without any endowment or sustainable income source. Subsidy of this level would be transformative and enable us to focus on delivery rather than fundraising.

1b. Affordable, scalable growth – a rural community ownership fund

We propose the creation of a £10m rural Community Ownership Fund, which would include an early-stage grant offer of up to £100,000 to communities looking to set up a new community-owned business. The grant offer would be conditional on the community raising match funding, especially via community shares, and qualifying for a loan of the same value from an agreed lender.

We believe an investment of £10m, delivered over a period of 10 years, would establish 500 new community-owned businesses, supporting 2,000 new jobs and 7,500 volunteers. This represents better value than the former government's Community Ownership Fund which cost £150m and supported 100 fewer community businesses.

This is achievable because the community ownership model is best suited to rural areas where there is already a tradition of self-help and community cohesion; where communities are more easily galvanized to save the last of such services closing; where assets are typically smaller and cheaper than urban equivalents; and where a more diverse socio-economic demographic lends itself to successful share issues resulting in lower dependency on grants to achieve set-up.

1c. Strengthening Community Rights

The existing rights in England have had a positive impact in enabling community ownership since 2011, but we strongly advocate for a Community Right to Buy (in all parts of the UK) which would give communities a first right of refusal in the event an Asset of Community Value were listed for sale. We also make the case for:

- The purchase price being set and regulated by an independent valuation using the 'red book' methodology – avoiding the asset owned holding out for 'hope value' once the moratorium period has closed

- The moratorium period should be extended to a standard 12months, but including a 6-month review at which the asset owner could trigger a request to end the moratorium if the community were no longer active

1d. Boost support for community shares

Community shares provide long-term, grassroots investment. We advocate for continued funding for the Booster Programme (led by Co-operatives UK, Locality, and Plunkett) which offers equity investment into community share issues matching contributions raised by communities. New government funding could be used directly to invest in community businesses and recycled over a period of time supporting multiple community businesses – as opposed to grant funding which is a one-off investment.

We also recommend reintroducing the Social Investment Tax Relief (SITR) on community shares. This would incentivise private investment and reduce reliance on grant or loan funding.

1e. Rolling out Public Works Loans

Access to low- or zero-interest loan finance is critical to enabling the start-up of community businesses, which often face high upfront capital costs but generate modest, long-term returns. While government-backed lending, such as Public Works Loan Board finance, already exists, its accessibility for parish councils is limited and its scope excludes many community-led delivery models. Simplifying access for parish councils and widening eligibility to include community benefit societies would unlock earlier investment in community assets, reduce reliance on commercial borrowing, and improve project viability during the critical start-up phase. Such an approach would support local ownership, de-risk community business, and ensure public loan mechanisms better reflect the realities of modern community-led development.

1f. Legislative reform to embed place-making within new developments

Plunkett has seen growing interest from housebuilders and planners in embedding community businesses (like shops or cafes) into new housing developments. However, this remains voluntary. We advocate for:

- Mandatory consultation for community-owned infrastructure in new developments. Where this is not viable, Section 106 contributions should ensure funds are pooled for community infrastructure elsewhere in the local area.

This approach ensures new developments become thriving places to live and work, with inclusive local economies and strong social connections.

2. Supporting existing community businesses to thrive

Secondly, we believe we can support a significant upscaling in business productivity including turnover, employment and contribution to the economy. The following interventions would be required:

2a. Business rate reform

Plunkett members occasionally qualify for business rate relief on account of their rurality, being a small business, or within the retail, hospitality or leisure industry. Rate relief is welcome, but it is applied inconsistently and with a constant threat of being removed. We make the case for all businesses that are trading primarily for community or social benefit to qualify for a consistent level of rate relief. This could be assessed via a business's legal structure or governance documents. The savings generated by this would enable these businesses to invest in areas which improve their service to benefit those most disadvantaged in their communities or invest in green energy production or energy saving measures.

2b. Wider tax reform

Community Benefit Societies (the legal structure commonly used by community businesses) operate for the primary purpose of delivering public and community benefit, yet the current tax framework does not adequately recognise or support this role. Extending targeted tax reliefs—such as eligibility for Gift Aid on donations, tax relief on community share investments, and appropriate treatment of donations and legacies for inheritance tax—would improve their ability to attract capital and operate sustainably. In particular, enabling community share investments to qualify for Business Property Relief would encourage long-term, patient investment aligned with social outcomes, while maintaining safeguards against abuse. Aligning tax policy more closely with demonstrable community benefit would support local economic resilience and help address market failures in areas underserved by conventional commercial investment.

2c. Revenue funding

Rural community businesses are not only profitable but also highly impactful — collectively donating over £2.4m to local charities and good causes in 2024. However, many rely heavily on volunteers, making them vulnerable to periods of volunteer fatigue. When this occurs, a decline in volunteer numbers can create a downward spiral that threatens their sustainability.

In such cases, where paid staff are in place, their efforts are often focused on volunteer coordination rather than driving business growth. What's needed is access to revenue funding to temporarily increase staffing capacity. A fund worth £1.5m a year could provide critical support to over 50 'at risk' rural community businesses. This would provide essential breathing space to maintain core operations — such as avoiding reduced opening hours or scaled-back services — while allowing time to engage more widely with the community, particularly those not currently using the service. This outreach can identify new opportunities to evolve services, broaden impact, and ultimately grow sales and profitability.

Further revenue funding, in the form of grants and loans, could be critical to support business growth and diversification. A ten-year fund worth £5m, for example, could support over 250 rural community businesses – such as a community shop expanding to open a café, or a pub investing in energy-efficient upgrades that both reduce costs and increase income.

2d. Invest in green technology

Targeted government support and incentives for rural community businesses to invest in green and renewable technologies would play a critical role in improving their long-term sustainability. For many community businesses, staffing costs account for the majority of expenditure, with energy representing a significant and largely uncontrollable overhead. Access to financial incentives, grants, or technical support for measures such as solar installations, energy-efficiency improvements, and low-carbon heating would help reduce operating costs, protect services from volatile energy prices, and free up limited resources to reinvest in community benefit. This would further strengthen their resilience while supporting the government's wider net-zero and rural sustainability objectives.

Q26. What do you think is working well and what is working less well when it comes to how co-operative and non-financial mutual businesses access capital in Great Britain?

The average growth rate of rural community businesses is currently in the region of 30 openings per year. However, Plunkett has witnessed several growth spurts in the past which can be attributed to specific interventions as follows:

A) Long-term continuous support

Plunkett's community business service uniquely offers free, nationwide support to all types of community-owned businesses at every stage of development. For over 25 years, it has operated continuously without a dedicated funder—often relying on contributions from 20+ different sources—and typically runs at a financial deficit.

This is in contrast to many other organisations who have shifting priorities and short-term funding opportunities. Even initiatives like the Community Ownership Fund, which offered a brief boost, was a stop-start vehicle which eventually left many communities behind once funding ended and dented the confidence of those who were unsuccessful in securing funding.

B) Dedicated funding programmes

One of Plunkett's most successful initiatives was the £1m Village Core Programme (2006–2012), which helped establish 200 community-owned village shops in six years. It offered conditional grants (at a very early-stage) of up to £20,000 – conditional on communities raising a further £20,000 from other sources and qualifying for a £20,000 loan - reflecting the typical £60,000 cost to reach trading at that time. Importantly, 97% of the shops supported during this period are still trading today, demonstrating the programme's impact and the strength of its due diligence processes.

Plunkett has since replicated this model through More than a Pub (£6m), growing the community pub sector from 61 to 146 in five years.

C) Cross-sector collaborations

Plunkett has participated in many successful collaborations within the social economy sector, the Community Shares Unit being one such example. This joint venture between Co-operatives UK, Locality and Plunkett has invested in the specialist knowledge, standards and investment into the community shares market, raising the profile of the funding mechanism, raising the confidence investors have in this model, and ultimately leading to an overall increase in investment being raised through this model (reducing reliance on grant income). In total, all-time records show that community-owned businesses supported by Plunkett have raised a total of £77m in start-up capital from 142,416 individual investors.

Q28. Is there anything else you would like to share?

We would like to reiterate why rural co-operatives and rural communities matter.

The Government's growth mission promises to "raise living standards for everyone" and "in every part of the United Kingdom." With nearly 10 million people - 17% of the population - living in rural England, it is essential that these communities are fully included in the national growth agenda. It cannot be assumed that focusing on urban centres alone will deliver a trickle-down effect; rural areas have unique potential to contribute directly to economic growth and social resilience.

Rural communities have experienced steady decline in recent years, with minimal government intervention to reverse the trend. In 2024 alone, an estimated 300 village shops and 200 pubs closed their doors—alongside local schools, healthcare facilities, public services, and transport routes. These closures leave residents without essential services and heighten the risk of isolation, especially among older people, those living in poverty, and individuals with disabilities or chronic health conditions. For many, this leads to displacement from their communities, eroding their social networks and sense of identity. This growing sense of abandonment has fueled political disillusionment, with rural voters increasingly opting for radical change in local and national elections. We have already seen the social consequences of such alienation in some urban areas. Rural areas risk following a similar path unless meaningful action is taken.

Supporting the growth of rural community businesses offers a practical, cost-effective way to revitalise these areas. It allows residents to take ownership of local services and shared spaces, rebuild community ties, and drive local economic development. It also sends a clear signal that government recognises the value and potential of rural communities. Crucially, policymakers must acknowledge that rural disadvantage - whether in terms of poverty, employment, or access to services - is often dispersed and hidden within national statistics. A place-based approach to growth must uncover and address these inequalities. Only by doing so can the Government deliver on its promise of inclusive economic growth and ensure that no community is left behind.