

Plunkett Foundation Representation to the 2020 Comprehensive Spending Review

INTRODUCTION

Plunkett Foundation

Established in 1919, Plunkett Foundation helps rural communities throughout the UK to take control of their challenges and overcome them through setting up and running community owned businesses. Owned and run democratically by large numbers of people in their community, these come in many forms; from shops, pubs, woodlands and farms to any else in-between. In addition to the provision and retention of essential services in rural communities, community businesses stimulate the local economy, they provide jobs and volunteering opportunities, and they help people to tackle a range of issues such as loneliness, health and wellbeing. Plunkett represents and supports a network of approximately 1200 rural community business groups throughout the UK. We deliver practical business support and training, undertake profile raising and advocacy, and provide a depository of information and intelligence on rural community business.

2020 Comprehensive Spending Review Priorities

Our submission to the 2020 CSR focusses on the following priorities:

1. Strengthening the UK's economic recovery from COVID-19 by prioritising jobs and skills;
2. Levelling up economic opportunity across all nations and regions of the country by investing in infrastructure, innovation and people – thus closing the gap with our competitors by spreading opportunity, maximising productivity and improving the value add of each hour worked.

We are submitting our representation to HMT ahead of the deadline and sharing with the three Government Departments whose objectives align with our own: MHCLG, DEFRA, DCMS. We will be happy to take feedback from these departments and resubmit a final submission ahead of 24 September with any further detail or clarifications.

Summary of Submission

Plunkett's vision is for thriving, resilient and inclusive rural communities which we believe is best achieved when communities are given the chance to take ownership and control of the assets and services around them. The essence of our CSR submission is, therefore, to increase the support available to help more communities throughout the UK set up and run valuable assets and services in community ownership. We argue this will be key to the economic recovery and future resilience of rural areas, providing access to jobs, skills, and levelling up access to services and opportunities between those living in villages, towns and cities. We do so by making four core policy suggestions:

1. A Rural Renaissance Programme
2. Investment in Community Owned Pubs
3. A Local Food Initiative
4. Strengthening of existing Community Rights

Rural Community Business Response to Covid-19

Throughout the pandemic, we have witnessed community businesses respond quickly and flexibly to the needs of their local residents. This has taken the form of creating pop up shops and distribution hubs to ensure local residents had access to basic supplies without needing to go to urban centres. Community businesses actively sourced alternative supplies when the national supply distribution networks let down rural retailers and supermarket delivery slots were unavailable. Emergency volunteer teams were coordinated to ensure that the most vulnerable and isolated members of the

community were supported and looked after – not only ensuring that they continued to receive prescriptions and hot meals – but also benefitted from the social interaction and in turn reducing loneliness. The community response to Covid-19 has rejuvenated the volunteer sector and strengthened the appetite for community ownership. Nationally we are presented with a unique opportunity and this submission seeks to build on this to generate a true rural renaissance and economic recovery.

POLICY RECOMMENDATIONS

Proposal One: Creation of a Rural Renaissance Programme

We are proposing a £10m programme with an overarching aim to radically grow the size, performance and impact of the rural community business sector. This means:

- Inspiring more communities in the UK's market towns, villages and countryside to establish a community business
- Supporting an even broader range of business models across sectors including retail, hospitality, agriculture, and transport
- Working with existing voluntary and community initiatives that have potential to become a more formal community business through increased trading activity
- Supporting existing community businesses to diversify and grow the services and activities they provide
- Targeting communities that demonstrate increased levels of disadvantage including lack of services, low employment opportunity, and limited levels of social interaction
- Prioritising support for businesses which can evidence the creation of services, jobs, training and volunteer opportunities; as well as deliver strong social and environmental impact
- Stimulating local supply arrangements between community and independent businesses which will to boost the local economy and retain local employment

A programme of this size and ambition would require a cross sector partnership involving multiple infrastructure organisations who have a role in supporting rural social and economic life, as well as community business. We would expect it to:

- Include an awareness raising campaign promoting the potential for communities to self-mobilise and establish community owned and led businesses
- Deliver business support to help a diverse range of community owned and led businesses to establish, grow and diversify
- Facilitate mentoring and networking between community and independent local businesses enabling new connections and supply arrangements to be made
- Provide packages of finance for community businesses from seed-corn grants and feasibility bursaries, through to blended finance packages including grant and loan. In our experience, blended finance has worked best when eligibility has been dependent on communities raising an element of match finance from community shares

The BENEFITS a Three-Year Programme such as this would seek to deliver, include:

- Create 500 new community businesses to open across a broad range of business models such as shops and pubs, through to woodlands, farms, fisheries, energy and manufacturing
- Support the expansion and diversification of a further 500 existing community businesses seeking to provide an increased range and volume of services and sales
- Create 3000 new full and part time jobs and apprenticeship opportunities, 25% of which will benefit those aged 16-24
- Create 20,000 new volunteering opportunities, 25% of which will benefit those aged 16-24

- Increase turnover of over 10,000 small scale independent businesses based in rural areas who supply into community businesses by over 15%

Proposal Two: Investment in Community Owned Pubs

We are proposing a £5m programme:

1. £2m to assist a further 20-40 pubs into community ownership; and
2. £3m to create an ever-green funding vehicle to enable continued investment into the sector.

The first part of this proposed initiative is a continuation of the More Than A Pub programme which has been funded by MHCLG and Power to Change Trust since 2016 and is due to close in March 2021. This project has supported over 59 rural and urban communities within England to save their local pub in community ownership through grant and loan investment and business support is dependent on the community using the pub as multipurpose hub ensuring the business is both diverse in its income generation and broad in its social and economic outputs. 10% of the pubs supported have been in the top 3 IMD ranking, and 100% of beneficiaries have continued to trade indicating both the resilience of the community pub model, and the quality of the project design and its support. The network of 116 pubs have attracted circa £10m in community share investments. A £2m continuation programme would:

- Continue the existing package of support via a consortium of organisations to deliver awareness raising, feasibility bursaries, business support, and a pack of loan and grant finance of up to £75,000
- Extend the scope of this project for a further 3 years, avoiding a cut-off point and lost momentum within the pipeline
- Extend support beyond England to communities across the UK and continue its operations across both rural and urban communities

To assist a transition from the dependency on the More than a Pub project, we have co-designed an ever-green investment vehicle with partners including social lenders and practitioners which would sustain support to the community pub sector in perpetuity. The model is akin to shared ownership and is based on existing successful models including [Student Co-operative Homes](#) and [Energy For All](#).

A £3m investment would enable:

- An independent body to be established, most likely constituted as a Co-operative Society
- This independent body would co-purchase pubs at risk of closure with communities setting up as community businesses
- The community business would pay rent/mortgage on the proportion they don't own and buy out the Co-operative Society as their ability to earn or raise income increases
- Communities would be prioritised in areas of high deprivation and where there is less ability to raise the required capital to achieve an outright purchase within the moratorium period
- The income from rents paid by community businesses will cover the running costs of the Co-operative Society and the costs of identifying additional capital to buy further pubs such as via share issue or mortgage
- As communities buy the Co-operative Society out over time, this capital is re-invested into purchasing additional pubs

The BENEFITS a Three-Year Programme such as this would seek to deliver, include:

- £3m would enable the Co-operative Society to initially co-purchase approximately 10-15 pubs
- Provide diversification advice and support to the existing 116 community pubs to help them manage the effects of Covid-19

- Support the retention of circa 500 FTE hospitality jobs across the current open network of community pubs, and help to create a further 1000 new full and part time jobs through supporting 50 new community pubs to open
- Raise £2m - £3m in community share investments in community pub projects
- Retain £10m within the local economy through local supply and employment arrangements

Proposal Three: A Community Controlled Local Food Initiative

We are proposing a £5m local food initiative which relocalises supply chains, and has the aim of creating more resilient and sustainable access to food, boosting the local economy and creating jobs for people living in rural communities.

- Food security was a widespread issue throughout the pandemic given the dependence on national and global supply chains
- In order to restock, national retailers and buying groups used their purchasing power to 'raid' the traditional wholesalers that community and independent retailers purchase from, resulting in many village shops being unable to source the most basic of supplies
- Rural individuals were disproportionately affected, forced to travel to urban centres to access supplies at exactly the time they were told to stay at home. Those without private transport or underlying health conditions were dependent upon community initiatives and neighbourliness or were risked to exposure
- Volunteers formed rotas to undertake essential shopping for those unable to leave their homes and established buying groups of core goods and services
- Community businesses established pop up distribution hubs to further their reach and that of local suppliers, as well as diversified their services to manage online grocery orders or provide takeaway services
- Mobile services such as a butchers and fishmongers became common place

A local food initiative would build on this community response and scale up this revived commitment to supporting local producers and retailers. The initiative would encourage:

- Community controlled production of food through community gardening, community supported agriculture, and community owned farms and fisheries
- Communities shaping the processing and production of food through the creation of community bakeries, butchers and other food producers
- Communities facilitating the supply and distribution of food through buying groups, community shops, farmers' markets and wholesaler cooperatives

The initiative would include:

- A national campaign to build the general public's awareness of the benefits of community controlled local food systems
- The creation and promotion of an accredited certification and assurance scheme which promotes food produced and sold within a 30-mile radius
- Bespoke business support to help communities establish community businesses, specifically those lesser known models which focus on local production and local supply such as agriculture and buying groups and support to help new and existing community businesses strengthen their connections within the local supply chain

The BENEFITS a Three-Year Programme such as this would seek to deliver, include:

- Create 200 food producing community businesses and support the diversification of a further 100 existing

- Create 600 new full and part time jobs and apprenticeship opportunities, 25% of which will benefit those aged 16-24
- 5000 local producers (within 30 miles) supplying community businesses contributing to the zero carbon target through reduction in food miles
- 400 community food business reporting local food to account for 50% of stock lines
- Increased turnover of over 10,000 small scale independent businesses based in rural areas who supply into community businesses by over 15%

Proposal Four: Strengthening of Community Rights

Of over 500 enquiries Plunkett supports each year, only 12% are likely to reach trading stage. One of the key barriers to their success has been acquiring an appropriate asset. In rural communities, the opportunities for securing assets can be more challenging than in urban areas given there are unlikely to be empty properties; conservation areas and listed buildings which limit conversions of existing buildings; and the cost of building new assets can be prohibitive. Whilst the existing Community Rights have been a critical tool towards safeguarding much valued assets, there are number of areas we would like to propose which would strengthen the rights and prevent misuse of the intended criteria:

- A longer moratorium period for those communities who can demonstrate they are making progress towards making an offer e.g. have a legal structure in place, demonstrated need, in process of raising capital
- A £2m loan fund to enable communities to buy out the asset quickly within a moratorium period with the intention to pay back within a 18month time period using alternative finance
- Greater training for local authorities to enable them to apply the current legislation consistently, and to be greater aware of the tricks used by asset owners who wish to turn down offers from community groups and secure planning for alternative (non-community) use
- We support Power to Change's call for a new Community Right to Buy, giving community organisations a much better chance of buying assets first refusal when public assets, or assets listed as being of 'Community Value', come to market. In addition, a new power for communities to force the sale of neglected and vacant buildings deemed to be of value to the community.
- We support The Co-op and Locality's "Endangered Spaces" campaign aiming to save 2000 community assets by 2022

The BENEFITS a Three-Year Programme such as this would seek to deliver, include:

- Saving 200 community assets through a community business solution
- Raise £10-15m community share investments in community business projects

COSTS

A summary of the costs of each proposal is detailed below and further information can be supplied as required.

- *Proposal One: £10m over three years*
- *Proposal Two: £5m over three years*
- *Proposal Three: £5m over three years*
- *Proposal Four: £2m over three years*

There is potential for these proposals to be funded out of existing and proposed initiatives such as the Towns Fund, Community Ownership Fund, or UKSPF etc. However, the track record for large

scale government initiatives has favoured a place-based approach led by Indices of Multiple Deprivation. Whilst intended to 'level up' the country, it has the unintended consequence of leaving rural communities even further behind. We are therefore making the case for the above proposals (with the exception of Proposal Two) to be funded with new funding allocations or by ring-fencing a fair proportion from national funding schemes for the benefit of rural communities.

DESIRED OUTCOMES

- Our proposals will support a rural renaissance with communities driving the economic recovery in line with local needs
- Rural communities will have improved access to services, and greater diversity in opportunity for employment, training, skills and volunteering
- The revival and diversity of the rural economy will stimulate social and community wellbeing enhancing people's sense of inclusion and belonging

POLICY RATIONALE

1. Community businesses will support the economic recovery of rural communities

Plunkett Foundation regards a multi-industry rural economy as a key component to sustaining the countryside through retention of services, job creation, and enriching people's lives through social interaction. In the last 20 years, Plunkett has supported approximately 700 community businesses to establish and a further 500 in the process of setting up. According to Plunkett's Better Business reports,¹ those already trading are estimated to:

- Employ 3,500 people and 14,000 volunteers across sectors including retail, hospitality, agriculture and forestry
- Provide services to over 2,800 communities
- Benefit over 5000 local businesses through supply relationships
- Generate a combined turnover of £140m annually
- Donate £300K to local community initiatives annually

Plunkett is concerned, however, of the number of rural businesses that remain at threat of closure as a result of market forces and lack of government intervention. Banks, post offices, shops, pubs, in addition to public sector services such as schools, health care and transport services – are all in retreat. There is a clear opportunity to build on the success Plunkett has had in supporting mainstream models such as community shops and pubs, to replicate this model with other sectors.

A related concern is the over-dependence of many rural areas on certain sectors such as agriculture and the visitor economy with their patterns of low paid, seasonal employment. By assisting an even broader range of community businesses going forward, there is the potential to focus on sectors which attract higher wages and career opportunities – not least for younger people.

Rural areas are already associated with limited employment opportunities with higher income households travelling to urban centres for work and lower income households dependent on lower earning options in the local area. Without a major intervention, Covid-19 risks exacerbating this problem disproportionately in rural areas. DEFRA suggest there have already been over 22,000 rural

¹ Plunkett Foundation, (2019). "Better Business" reports, "[Community Pubs](#)" and "[Community Shops](#)".

redundancies,² a further 1.4m furloughed³ and between March and April 2020 an increase of 88% of the number of people claiming job seekers allowance or universal credit between (compared with 59% in predominantly urban areas).⁴

Community business are very often the only form of employment opportunity where they operate, and therefore play a vital role in safeguarding local livelihoods. They also have a tradition of supporting flexible employment with an average of 3.5FTE equivalent positions being spread across a workforce of 12 people,⁵ who may be carers, single parents, or suffer health problems.

Community businesses take particular concern to source and supply locally. According to a recent report, 56% of a community business expenditure stays local. A growth of the rural community business sector will ultimately lead to a re-localised supply chain which in turn will be vital in creating new employment, apprenticeships and training opportunities in a broader range of industries including food, agriculture, manufacturing, hospitality and tourism.

2. Community Businesses survive in areas of market failure and sustain long term survival rates

A key characteristic of rural community business is that they are driven by a community desire to retain and reintroduce a commercial service which without community action would otherwise close permanently. Effectively, they are operating in areas of market failure. 100% of community businesses supported by Plunkett generate the largest proportion of their income through trading. This is substantially higher than the percentage estimated for all community businesses - which Power to Change suggest is 62%.⁶ This is a remarkable achievement given they are operating in areas of market failure.

It is also tribute to the model that rural community businesses are celebrated for their long term survival rate. Community shops, for example, have a long term survival rate of 95%, and community pubs, of which none have yet closed, a 100% survival rate.⁷ In comparison, the 5-year survival rate for an average SME is 44%.⁸

3. Rural communities have been under supported by government and there is a need to level up access to good quality jobs, homes, education, training and services

With only 30% of all community business based in rural areas,⁹ there is a strong case for more support for rural community business. The last national initiative support rural community action

² ONS, Inter Departmental Business Register, 2017/18. Cities and Local Growth Unit, HR1 Redundancies, 27th April 2020 to 17th August.

³ HMRC, [Coronavirus Job Retention Scheme statistics](#): July 2020, up to 31st July.

⁴ ONS Claimant Count data using data from Jobcentre Plus administrative system, ONS mid-year population statistics.

⁵ Plunkett Foundation, (2019). "[Community Shops: A better form of business](#)".

⁶ Diamond, A., Vorley, T., Mallett, O., Higon, J., Spong, S., Corley, A. and Mulla, I. (2017) *The Community Business Market in 2017*. Available at: <https://www.powertochange.org.uk/wp-content/uploads/2017/12/Report-11-Community-Business-Market-2017-DIGITAL-revised-191217.pdf>. Accessed 21.08.2018.

⁷ Plunkett Foundation, (2019). "Better Business" reports, "[Community Pubs](#)" and "[Community Shops](#)".

⁸ Figure based on data between 2011 and 2016 from Office for National Statistics www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2016

⁹ Diamond, A., Vorley, T., Mallett, O., Higon, J., Spong, S., Corley, A. and Mulla, I. (2017) *The Community Business Market in 2017*. Available at: <https://www.powertochange.org.uk/wp-content/uploads/2017/12/Report-11-Community-Business-Market-2017-DIGITAL-revised-191217.pdf>. Accessed 21.08.2018.

was the Village SOS project which closed in 2016. Community businesses contribute to local and inclusive economies and therefore will contribute the devolution agenda in England.

As outlined in the 'Cost' section, there is a need to ensure fair and proportionate access to national funding schemes such as the High Street Initiative, the Towns Fund, and proposed funding streams such as the UKSPF and Community Ownership Fund. Too often, government funded initiatives are channelled into urban communities as a result of place-based investment strategies that favour areas scoring as most deprived under the commonly used Indices of Multiple Deprivation measures.

Spatially, there is a need to level up opportunities across the UK. As a UK-wide organisation, we see the imbalance of government initiatives, for example, with higher levels of business support being provided in the devolved nations, higher levels of financial support offered in England, and stronger community rights in Scotland. Additionally, and primarily in England, there is a gap in support for rural Market Towns, of which are experiencing significant losses in both private and public services, but fall outside the interests of government initiatives and support organisations with resources to enable community action.

4. Community businesses go beyond their primary trading purpose to support the social wellbeing of those most vulnerable in society

The Prince's Countryside Fund "Recharging Rural" report highlights that collective action such as setting up a community business, empowers local residents to strengthen a sense of place and local belonging.¹⁰ The value of local shops, amenities and everyday services in rural settlements has been underlined throughout Covid-19 and there remains a renewed interest in being part of a local community and supporting local businesses.

Community businesses are generally adaptable to meet local need, meaning that they often provide more than just the core function they were original set up for. For example, shops commonly offer additional services, such as prescription collection, cafes and parcel drop off points and pubs are hosting rural cinemas, luncheon clubs and local meetings. The trend for businesses to be multi service centres, be they community or privately owned is likely to be the future model adopted by many more communities. Plunkett's State of the Rural Community Business Sector report published in June showed during the national lockdown period, 67% of community pubs changed or diversified their services in some way, further demonstrating their adaptability and resilience. This is in contrast to 28% of the wider pub industry.¹¹

Volunteers are often the life blood of rural community businesses, and rural communities often have a particularly rich potential supply of volunteers that, harnessed properly, can make an enormous difference to the lives of our rural communities. We have seen, in the response to Covid-19, the willingness of a new generation of residents of rural communities ready and enable to step up to the mark and help their communities. With this wave of new volunteers comes renewed energy, ideas and expertise that promises to stay around long after the crisis subsides.

5. Community business have the potential to support the governments net zero emissions target

Globally we are midst a climate crisis which has created a growing awareness of our individual, as well as collective, environmental responsibilities. On a more local level, communities are increasingly looking to support schemes and businesses that endorse responsible environmental behaviours and

¹⁰ Skerratt, S. (2018). "Recharging Rural", Report to The Prince's Countryside Fund, London: The Prince's Countryside Fund.

¹¹ Plunkett Foundation, (2020). "[State of Rural Community Business: A Snapshot in June 2020](#)".

encourage good practice. Community businesses offer people an opportunity to access services and amenities without the need to travel. They are at the forefront of demonstrating environmental good practice, for example, Plunkett Better Business reports shows how community shops have pioneered simple initiatives such as refill stations in shops, introducing long-life bags, recycling waste, reducing end of life food waste through community baking, banning the use of single use plastic etc.

Plunkett sees a clear role for community businesses to go further in setting the example in environmentally aware behaviours. We would like to see more communities utilising the community business model to adopt environmentally friendly schemes such as community composting, community energy and growing projects. Community businesses have led the way, and should continue to be at the heart of launching new green initiatives, owning open spaces such as woodlands with community value, as well as incorporating more environmentally beneficial activities into existing community businesses.

DELIVERABILITY

Partnerships will be key to the delivery of such initiatives, and making use of the existing infrastructure already known to government such as the Community Partnership Board, Rural Coalition, and informal networks across the community business and social enterprise sectors.

There is a wealth of existing organisations within these networks that have the experience, skills, and networks to hit the ground running. These organisations will already the profile and mechanisms to stimulate further community action at grass root community level. However, what is needed is resource and commitment of that resource over a sustained period of at least three years to enable these organisation to do what they do best.

A concern shared by many in the community ownership space is the impending closure of Power to Change Trust, an organisation which had provided unparalleled support, not just for community businesses, but also for the supporting infrastructure which is now working together collectively like never before. There is a risk without an extension of Power to Change, or equivalent partnership, there will be a return to un-coordinated disunited efforts to support community activity, and without a common goal.