

Doubling the Co-operative Movement and Contributing to the Government's Growth Mission Together

Summary

Plunkett UK is a national charity and the only organisation dedicated to supporting the creation and long-term success of rural community-owned businesses UK-wide. We represent over 860 community businesses, from village shops and pubs, through to woodlands, fisheries and farms and have a track record for supporting 30-40 new openings each year. **Plunkett's membership now represents over 10% of all independent co-ops in the UK, and the fastest-growing segment of the co-operative sector.**

The part of the co-operative movement Plunkett represents is distinctive. Our members are rural, community-owned enterprises such as village shops, pubs and other essential local services that exist where the market has failed or withdrawn. These businesses are demonstrably resilient, with **long-term survival rates of 98%**, and deliver outsized economic, social and environmental value. Collectively, they generate significant local economic activity, sustain jobs and volunteering, reduce isolation, and help deliver against multiple government missions including inclusive growth, community empowerment and place-based renewal.

There is substantial and growing demand for this model. Plunkett is currently supporting a pipeline of **over 1,000 prospective community businesses**, reflecting both the scale of need in rural areas and the appetite of communities to take ownership of local assets. With the right support, this sector has the potential to grow at pace and play a far greater role in strengthening rural economies and services.

This report sets out the opportunity to double the growth rate of rural community-owned businesses and makes the case for targeted investment and reform. It identifies the key barriers that currently limit co-operative growth and presents practical, cost-effective proposals to remove these constraints, accelerating the creation of new co-operatives and scaling up the existing.

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About Plunkett UK

What is Plunkett UK?

We are a national charity and membership organisation dedicated to supporting the creation and long-term success of community-owned businesses, particularly in rural areas. **We are the only UK-wide organisation with this specific remit.**

Plunkett represents over 860 community-owned businesses, including village shops, pubs, post offices, farms, fisheries and other essential local services. Together, these businesses support more than two million people, employ around 5,000 staff, engage 25,000 volunteers, and generate significant economic and social value in places where private provision is often no longer viable.

Plunkett's work focuses on rural communities that face unique challenges, such as service withdrawal, isolation, limited transport, lack of affordable housing and declining local economies. Community ownership enables residents to take democratic control of vital local assets and ensure they continue to operate for long-term community benefit.

What does Plunkett UK do to support community-owned businesses?

Plunkett provides end-to-end, specialist support to communities at every stage of the journey, from initial idea through to long-term sustainability.

1. Supporting new community businesses to open

Plunkett helps community groups to:

- Explore the feasibility of community ownership
- Choose appropriate legal and governance structures
- Develop robust business plans
- Raise finance, including community shares and blended funding
- Navigate asset acquisition, planning and regulation

2. Sustaining and strengthening existing community businesses

Plunkett works with established community businesses to:

- Improve financial resilience and governance
- Adapt and diversify services (e.g. adding cafés, post offices or new community services)
- Respond to shocks such as volunteer shortages, cost pressures or service loss
- Invest in growth, innovation and environmental sustainability

3. Building access to finance and investment

Plunkett plays a central role in unlocking finance for community businesses, including:

- Supporting community share offers, which have raised over £77 million from more than 142,416 investors
- Designing and delivering funding programmes that blend public investment with local match funding
- Advising on grants, loans and revenue funding to support both start-up and growth phases

4. Advocacy, policy and system change

Plunkett works nationally to:

- Advocate for policies that enable community ownership, such as a strengthened Community Right to Buy
- Address structural barriers including access to assets, planning frameworks, and inconsistent tax and rate relief
- Promote recognition of rural community businesses as critical social and economic infrastructure

5. Evidence, learning and sector leadership

Plunkett gathers evidence from across its network to:

- Demonstrate the economic, social and environmental impact of community-owned businesses
- Share best practice and learning across the sector
- Inform government, funders and partners about what works and why

In summary

Plunkett UK enables communities to take ownership of local businesses and assets, ensuring they remain viable, inclusive and locally accountable for the long term. By combining practical business support, access to finance, policy advocacy and sector leadership, Plunkett helps rural communities not only survive, but thrive.

The Contribution of Rural Community Businesses to the Co-operative Sector and Broader UK Economy

Rural community-owned businesses deliver a powerful combination of economic, social and environmental impact, particularly in places where private or public provision has declined. Evidence from Plunkett UK's national network demonstrates that these enterprises are among the most resilient and effective models for sustaining rural communities.

Economic impact

Rural community-owned businesses contribute significantly to both the local and UK economy. In 2024 alone, **Plunkett-supported businesses generated £166 million in turnover and an estimated £437 million in Gross Value Added (GVA)**. Importantly, they strengthen local economies: community shops alone have 13,000 local suppliers, and according to Power to Change, for every £1 spent in a community-owned asset, around 56 pence is retained locally – compared to 40 pence for large, private sector firms. Profits from community businesses remain locally too – according to our own data, 34% of Plunkett's members invested an average of £5K into local community projects in 2024, representing £2.4m in total.

Employment

On average, rural community-owned businesses employ 4 members of staff – equivalent to **5,000 staff nationally** – and in geographic areas where employment opportunity is scarce and less diverse. Many actively employ people who face barriers to work, such as those with caring responsibilities, disabilities or limited qualifications. They do so by providing flexible and part-time employment and by investing in practical and hands-on training in a supportive environment of staff and volunteers. 53% of Plunkett members employ young people aged 16–25 and over 60% pay the Real Living Wage or higher.

Sustaining essential services and assets

These businesses frequently operate in areas experiencing market failure, where shops, pubs, post offices and other services would otherwise close. By placing assets into community ownership, rural residents secure long-term access to essential services, protect valued local spaces, and prevent permanent loss of infrastructure that is critical to community life and local economic activity. Plunkett research shows the businesses we have supported have **five-year survival rates of 94% and 20+year survival rate of 98%** – considerably higher than in the private sector.

Social impact and community resilience

Beyond their economic contribution, rural community-owned businesses play a vital social role. They reduce isolation, provide spaces for connection and civic participation, and foster a strong sense of local ownership and pride.

Plunkett estimate over **2m people directly benefit from rural community businesses, with 142,000 formal members, and 25,000 actively volunteering.**

Volunteering provides meaningful opportunities for people to meet, interact, and feel connected to their community and is equally important for younger and older people – whether it is that opportunity to remain physically and mentally active, or an opportunity to overcome anxiety and develop confidence and life skills.

Environmental and place-based benefits

Community ownership encourages long-term stewardship of local assets and land. Many businesses invest in energy efficiency, renewable energy, local supply chains and sustainable practices, contributing to environmental goals while reducing operating costs. They also support thriving, well-connected places by anchoring services within villages and rural settlements.

Alignment with government priorities

Rural community-owned businesses directly support multiple government missions, including inclusive economic growth, community empowerment, civic participation, building pride in place, and the expansion of the co-operative economy. They offer a cost-effective, scalable and locally accountable model for delivering growth and social value in rural areas that are often overlooked by mainstream funding and policy frameworks.

In summary

Rural community-owned businesses are not only viable businesses; they are critical social and economic infrastructure. Their proven resilience, strong local economic multipliers and deep social value make them a high-impact solution for sustaining rural communities and delivering long-term, inclusive growth.

Potential for Further Growth

The rural community-owned business sector has grown by **58.9% over the past decade**, making it the fastest-growing segment of the co-operative movement. Demand continues to outpace delivery: Plunkett UK is currently supporting **over 1,000 prospective community businesses**, demonstrating a strong and sustained pipeline of communities seeking to take ownership of local assets and services.

However, despite this demand and the proven effectiveness of the model, only a relatively small proportion of supported groups progress to trading stage. A range of systemic barriers – relating to finance, asset acquisition, planning, awareness and rural disadvantage – continue to constrain both the creation of new community-owned businesses and the growth of those already operating.

With targeted investment and the removal of these barriers, Plunkett believes this growth can be unlocked at scale. Our ambition is to **double the opening rate of rural community-owned businesses from 30 to 60 per year over the next decade**, significantly increasing the sector's contribution to rural economies, services and community resilience.

What are the Current Barriers to Growth?

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.

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.

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.

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.

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 in community pubs trading, and a deterrent to those currently considering setting up.

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.

Planning 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.

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. Ongoing business support is also critical for community businesses, and the lack of this can hinder growth or even lead to closure.

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.

Best Practice Driving Past Co-operative Growth

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:

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, sustained only through additional income from memberships, consultancy, and corporate partnerships.

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.

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.

The programme's success stemmed from timely demand (due to private shop closures), capacity-building support (delivered by Plunkett through the Village Core Programme), and the confidence early funding offers gave to communities. Many exceeded fundraising targets and opened without needing grant or loan support; with only 50% of those that opened, ultimately drawing on the financial package. The continuous application process also ensured support reached communities when needed.

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.

Cross-sector collaborations

Plunkett has experienced 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.

Plunkett's Recommendations for Generating Co-operative Growth

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 better nation for people, places and communities.

The following policy recommendations, however, focus specifically on rural community businesses, reflecting Plunkett's remit and expertise. We also feel rural areas are often overlooked when it comes to funding and policy development, but these areas face distinct challenges that require targeted policy support, and funding reform. We believe there are two key ways to achieve this:

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 2029 with a GVA equivalent of £567M
- 1,350 rural community businesses trading in 2034 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 at the current rate of at least 30 new rural community businesses each year, Plunkett is seeking an annual grant of £250,000 towards our £1.3m total requirement - 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. The fund would also fund the costs of business support to develop good quality applications and small feasibility grants to cover early-stage costs.

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.

While the community ownership model does work in urban areas too, it is often slower, costlier, and less scalable. A separate strategy tailored to urban needs is recommended – including but to go beyond community ownership support.

1c. Strengthening Community Rights

Alongside any financial investment, we recommend strengthening the Community Rights legislation. 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 support 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. This means that government funding would 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 scale up

Secondly, with the right type and level of investment, 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 £1.4m 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.

Why Including Rural Communities in the Growth Agenda Matters

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.

However, 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.

Contact details

James Alcock
Chief Executive Officer, Plunkett UK
policy@plunkett.co.uk

Appendix 1

An Executive Summary of Plunkett's Recommendations for Generating Growth

Financial Asks:

1. Funding for Plunkett's Core Operational Support

- **£250,000/year (ongoing)** towards Plunkett's core support services would maintain the current growth rate of rural community businesses - equivalent to 30 new business openings / £15.8m in GVA annually

2. Rural Community Ownership Fund

- **£6.5 million (first 5 years)** followed by **£3.5 million (following 5 years)** modeled on the former COF but focused on rural communities at a more scalable and cost-effective scale would result in a total of 225 new rural community businesses opening in the first 5 years, followed by a further 275 – equivalent to £119m and £145m in GVA respectively.

3. Revenue Funding for Existing Businesses

- **£1.5 million/year** would cover the cost of safeguarding 50+ existing rural community businesses a year, equivalent to £26.3m in GVA per annum. A further **£5 million over 10 years** would help 250+ community businesses grow or diversify (e.g. new services, energy efficiency upgrades).

4. Community Shares Support

- We support proposals for funding the **Booster Programme** (run by Co-operatives UK, Plunkett UK and Locality) to **match equity raised** via community shares.
- We would also support the return of Social Investment Tax Relief (**SITR**) to incentivise private investment in community shares, reducing reliance on grants/loans.

Non-Financial Asks:

1. Introduce a Community Right to Buy UK-wide

- Give communities **first right of refusal** on Assets of Community Value (ACV) when up for sale.
- Regulate **sale price via independent valuation**.
- Extend **moratorium period to 12 months** (with optional 6-month review to end early if inactive).

2. Business Rate Reform

- Ensure **consistent business rate relief** for all businesses operating for community/social benefit.

3. Planning Reform

- **Mandate inclusion** of community infrastructure in new housing developments. Where this is not viable, ensure **Section 106 contributions** for off-site community infrastructure.

Appendix 2

The Rationale for a Separate Strategy for Rural Co-operative Development

The community ownership model tends to work particularly well in rural areas of the UK because a set of economic, social and structural conditions align in ways that are less common in urban settings.

First, rural market failure creates a clear role for community ownership.

In many rural areas, low population density, seasonal demand and higher operating costs make conventional private businesses unviable. When shops, pubs, post offices or services are at risk of closure, community ownership often becomes the only realistic way to keep them open. This clarity of purpose creates strong local buy-in and a compelling case for collective action that is harder to replicate in competitive urban markets where private alternatives exist.

Second, rural communities have stronger place attachment and social capital.

Rural residents typically have deeper connections to place, longer tenure, and stronger informal networks. This supports high levels of volunteer engagement, democratic participation and local investment through mechanisms such as community shares. In urban areas, higher population churn and more diverse, transient communities can make sustained collective ownership and governance more challenging.

Third, community-owned businesses meet multiple needs simultaneously in rural areas.

In rural settings, a single asset often performs several functions at once—economic, social and civic. A village shop or pub may also host a post office, provide informal welfare support, act as a meeting place, and support local employment. This multi-functional role strengthens the business case and the social value proposition in ways that are less pronounced in urban contexts where services are more fragmented.

Fourth, rural communities can mobilise local finance more effectively.

Rural community ownership benefits from strong participation in community share offers and local fundraising, often drawing on residents with assets tied to property or long-term savings. Lower asset prices compared to urban areas also mean communities can assemble viable funding packages with smaller public contributions and higher levels of local match funding.

Finally, the model aligns well with rural governance and stewardship.

Community ownership supports long-term stewardship of land and buildings, which resonates strongly in rural areas with a tradition of collective responsibility for shared assets. This long-term outlook supports resilience, reinvestment and sustainability rather than short-term profit extraction.

In summary, community ownership works particularly well in rural areas because it responds directly to market failure, mobilises strong local social capital, delivers multiple forms of value through single assets, and enables long-term stewardship of essential services. These conditions combine to produce higher survival rates and stronger impact than is typically achievable in urban settings.

Plunkett UK, The Quadrangle, Woodstock, Oxfordshire, OX20 1LH
01993 630022
info@plunkett.co.uk
www.plunkett.co.uk

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