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# The Power of Pubs

PROTECTING SOCIAL INFRASTRUCTURE  
AND LAYING THE GROUNDWORK  
FOR LEVELLING UP

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By Zayn Qureshi and Joe Fyans

# About Localis

## Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

## Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Decentralising political economy.** Developing and differentiating regional economies and an accompanying devolution of democratic leadership.
- **Empowering local leadership.** Elevating the role and responsibilities of local leaders in shaping and directing their place.
- **Extending local civil capacity.** The mission of the strategic authority as a convener of civil society; from private to charity sector, household to community.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.

## What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

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**Zayn Qureshi & Joe Fyans**



## Executive Summary

The case for place when it comes to treating Britain's pubs with fair consideration is, at core, as simple as it is heartfelt. Where there's a pub, there's a community. After nearly a year of lockdown measures of varying degrees, the future of the public house as a cornerstone of community life is under existential threat. Writing in 1912, Hilaire Belloc warned: "change your hearts or you will lose your inns and you will deserve to have lost them". Should such a calamity unfold, Belloc added that "you will have lost the last of England". This report looks at the attempts made in 2020 by the UK government to avert this tragic scenario. Throughout 2020, hospitality as an industry and particularly the pub sector were not considered fairly or their venue safety accurately in previous iterations of social restrictions. For example, the transmission risk of pubs was treated far more seriously than in non-essential retail, and the restrictions placed on the businesses more onerous. Inconsistent messaging and a sense of moving goalposts frustrated the sector and drained the financial reserves of publicans and breweries.

This is particularly troubling given the economic and social vitality of the sector, as well as its potential importance to recovery and growth. Pubs support 884,860 jobs across the UK, £12.1bn of wages, and £23.4bn of GVA across the country. They are a key part of the foundational economy in our cities and towns. Aside from the economic impact of the lockdown on pubs, their closure has had a wider impact on community cohesion up and down the country. Pubs form a vital part of social infrastructure in place and are anchors that tie the community together. This is particularly true for rural towns and villages. As one of the biggest contributors to the UK economy, the sector has a vital role to play in the recovery and levelling up journey of the country as well as in maintaining community cohesion and social resilience well beyond the pandemic.

It is in everyone's interest to tackle the pandemic and ensure that the most vulnerable in our society are protected. This has been a guiding thought for all governments across the world. It is equally true that in so doing attention must be given to those sectors of our economy that are primed to lead recovery at the local and national level. This report evaluates the response and restrictions regarding the pub sector in 2020 then looks at the importance of the sector to the nation's local economies and communities, before providing some recommendations to ensure the strong recovery of the sector.

## The pandemic response and its costs

In March 2020, after it became apparent that the coronavirus pandemic was taking hold across the UK, the government moved to implement a string of measures aimed at curbing its spread. After a national lockdown was announced, all shops trading in non-essential goods, including pubs, were told to close. While some establishments were able to stay open for delivery and takeaway services, the lockdown resulted in the hospitality sector in large parts ceasing to trade completely. After a period of almost four months of closure, on 4th July 2020 the government announced that pubs and restaurants were able to open once again, provided that they 'adhere to COVID secure guidelines'. This preceded a gradual reopening, accompanied by the Eat Out to Help Out scheme, followed by an abrupt reversal, a system of localised lockdowns, the regional 'tiers' system and finally a return to full national lockdown at the beginning of 2021.

On the other side of the initial impact of COVID-19, the government published a policy paper in November collecting four types of evidence which 'are consistent in their view that hospitality venues are a significant risk for transmission'. The industry has pushed back on this, in large part because the government failed to take into consideration the varying public health safety measures the industry has been adhering to when allowed to trade. The overarching problem with this debate over the nature of different restrictions is that poor data and an inability to effectively track and trace individuals makes it near impossible to assert with full confidence which setting, under current conditions, poses the biggest risk to transmission. For example, hospitality has been linked with the surge in cases seen in the North of England in the second half of 2020 but data on outbreaks from PHE differs – according to this data, just 3.5 percent of the total infections linked to institutions in England in the week to 4th October occurred in hospitality settings. Furthermore, outbreak data requires two or more cases to be tracked to the location - relying on multiple externalities, including people getting tested and reporting accurately to the Test and Trace programme of every location they visited – something which is widely acknowledged to have been a failure across the UK throughout 2020.

Throughout this extremely trying period, inconsistent messaging and decision-making devastated the hospitality sector far beyond what was necessary in response to a national emergency. With hospitality businesses preparing for the Tier system according to Government guidance then being made to close overnight, major chunks were taken out of the already severely-damaged cashflow of Britain's pubs. The ad hoc nature of announcements and rumours of announcements regarding restrictions placed on their opening and closing has compounded the effects of the pandemic's economic hit to the pubs sector. For a

sector that is one of the largest contributors to the national economy, as well as being a vital social anchor for communities, this position is untenable.

### The differing impact in place

The pandemic and the policies enacted in response have had a social as well as economic cost. The pub's role as a social anchor is central in helping build a sense of community cohesion. **For many people, a visit to their local pub serves as an occasion to leave their house and socialise with neighbours and friends, helping prevent social isolation and loneliness. For this reason, extended restrictions, and possible permanent closure, of rural pubs could threaten the social fabric of many communities.** The closure of pubs in rural areas greatly inhibits the ability for social exchange and leads to the decline of several other community initiatives taking place at the local level. An increasing number of groups have been highlighting this issue. One such is the Countryside Alliance, which is a campaigning organisation promoting the rural way of life, that has been active in highlighting the importance that pubs play in rural communities across the country.

The issue cuts not only along lines of rurality but also material deprivation. Not addressing the precarious situation that pubs have found themselves in as a result of extended restrictions, and what this means for their future in our communities, will result in more continuing to close permanently, with potentially disproportionate damage to areas already dealing with deprivation. **Research carried out by Local Trust shows that 'a lack of places to meet (community centres, pubs, or villages) ... make[s] a significant difference to social and economic outcomes for deprived communities. Areas of deprivation that lack these community assets have higher levels of poverty, unemployment, and poor health than others, leading to them being 'left behind'.** Working to avoid the further closure of community assets in left behind areas and ensuring that these areas directly benefit from the levelling up agenda has to be the government's priority moving into recovery. Especially given the overlap between the left behind areas and the red wall seats won in the last general election in areas including Blyth and Newton Aycliffe.

### Pubs, levelling up and the local state

**Around one in twenty people in England, Scotland and Wales are employed in food and beverage service activities at any given time. This illustrates the importance of the sector to the 'foundational economy' – that base on which growth and innovation are built –**

and emphasises the importance to the entire levelling up project of reinforcing the pubs and the wider hospitality industry. Going forward, a change of course that values the industry's potential as a leader in the pandemic recovery and to levelling up efforts needs to be in place. The government showed its commitment to levelling up in the 2020 Spending Review, and in making clear that the agenda is still very much at the top of its priority list, announced the creation of the Levelling Up Fund to 'invest in local infrastructure and support economic recovery'. Alongside this, the UK Shared Prosperity Fund, set up to replace European Structural and Investment Funds, will have a total value of £1.5bn a year, supporting places including 'former industrial areas, deprived towns, and coastal communities'. Taken together, both funds are central to closing the gap of regional inequality and deliver on the government's pledge of levelling up the UK. It is vital that the sector is factored into the distribution of these funds. **Current levels of support are inadequate to protect local economies from the shock of a sudden downturn in the pub sector.**

Moving forward, future government support for the sector needs to be further reaching and more nuanced to local need. It is urgent that it reflects the true economic cost of continued restrictions and local need in facing associated challenges. **While support for any sector needs to be considered in the balance of unprecedented national debt which requires prioritisation of growth-boosting and revenue raising policies, the positive effect of pubs on the national fiscal situation in normal times is clear. Pubs are a major beneficiary to the Treasury. They hold the potential to generate the income needed to lower national debt and kickstart the economy again, but must be helped in trading to remove accumulated debt of the last year and generate income and employment in their communities, providing career opportunities for hundreds of thousands of young adults.**

**The pub and wider hospitality sector will be crucial in the medium and long term not only for our economic recovery but also the social resilience of communities across the UK. Given this, they should play a central role in any local recovery plan.** What this role will be will differ depending on each localities circumstance. What is required in an urban setting, in line with the demands of the night-time economy, would not be the same for rural towns and villages. This once again illustrates the inherent problem with the blanket restrictions placed on the sector over the last year. Particularly in rural England, the 'substantial meal' requirement and ban on household mixing greatly inhibited the pubs' role as a community anchor. **The value and wide geographic spread of the industry render pubs**



**crucial to levelling up. For central government and the mission to do so alongside recovery, the challenge is to ensure that pubs which have had a particularly damaging year are well-supported to at first survive, then to thrive as a key plank in the platform to level up Britain.**

The Budget 2021 was delivered on Wednesday 3 March. On the whole, it is promising for pubs and breweries in the short term. Key measures announced include an extension to the jobs retention scheme until September. As well as an extension of the reduced VAT rate of 5% until 30 September, with a 12.5% rate applying for subsequent six months afterwards – although the lack of a VAT extension to alcoholic beverages places ‘wet-led’ pubs who do not serve food at a disadvantage. Businesses in the hospitality sector will be provided 100% business rates relief until 30 June, with a 66% relief applying for the remaining nine months. In addition to this, beer duty has been frozen for another year.

To help businesses as the country comes out of lockdown, the government is providing ‘Restart Grants’ up to £18,000 per premise for those in the hospitality sector who might be closed until the latter period of the roadmap.

The total cost of the scheme is £5bn. Moreover, in recognising the place of pubs at the heart of communities, the government has announced a £150m Community Ownership Fund to help community groups bid up to £250,000 matched funding to help them buy back local assets, including pubs, as community owned businesses.

These announcements are a welcome boon for the sector, which has long been lobbying for some of the key measures put in place. It is estimated that the reduced VAT rates of 5% and then 12.5% will be worth £485m to pubs. These measures will be vital to the successful re-emergence of pubs and their contribution to kickstarting the economy again, helping the nation recover, and level up our communities. However, for these same reasons clear longer term certainty is needed. Measures announced around business rates relief, beer duty, and VAT reductions need to be reassessed with a sector specific focus in mind to ensure that they are able to bounce back stronger and lay the foundation for our national economic renewal.

Accurately and efficiently targeting support to the sector will require taking advantage of the relationship between pubs and the local state. Due to the way the local state is regulated, there are a number of ways to support pubs both as businesses and as community assets through the institutional architecture of the local state. As well as the formal role of licensing venues, local authority licensing teams also fulfill a crucial business support function. As the interface between the

hospitality sector and the state at the local level for many publicans, particularly those running small businesses with limited capacity to obtain formal legal and regulatory advice, local authorities have been a key resource throughout the pandemic. As the government looks to implement its roadmap to recovery, making use of the knowledge and networks of local government will be crucial in providing clarity to business and in flagging up areas potentially in need of specific, target support. For example, issuing central government grants to pubs in 'left behind' towns or areas of extreme rurality could be achieved through the local licensing team.

### The social role of pubs

Social infrastructure is the locus of the small-scale connections that are created from people who share a common interest that builds up civic life. Therefore, pubs as physical assets often act as centres of community life and assume the role of being social anchors that bind people together. Highlighting the threat to community cohesion in the absence of social infrastructure, the Left Behind Neighbourhoods APPG assessed the impact of the pandemic on areas lacking places for social interaction and found lower levels of mutual aid activity occurring than the UK average. **This typifies how communities lacking social infrastructure are less able to withstand shock and organise themselves when facing local socio-economic challenges. In this context, the threat posed to pubs by the pandemic not only affects the industry itself but poses huge risks for the strength of this nation's communities.**

**Pubs and other civic spaces are part of the scaffolding that helps create a strong community identity. They are vital third spaces that need to be protected and grown. The role that they play as key social infrastructure in place that contribute to the fabric of civic life demonstrates their importance as community anchors.** Particularly in rural England, the pub's central role in civic life is of great importance. This has been emphasised in a recent campaign by the not-for-profit organisation Pub is the Hub, "Join Inn – Last Orders for Loneliness". Once the pandemic subsides, the organisation's regional advisers will be on the ground to provide tailored support to publicans. Despite the restrictions, five pilot projects have been set up in areas including Norfolk, Cornwall, and Lincolnshire all with the aim of understanding what the main priorities are for each area in tackling loneliness. The ambition is that once lockdown ends, lessons learnt can be rolled out nationally.

## Recommendations

The research undertaken for this report indicates the need for policy recommendations, for the short, medium and longer term.

In the short-term:

- it is vital that the roadmap is not allowed to slip back further for pubs and that the commitment to end all trading restrictions by June 21<sup>st</sup> must be delivered to return pubs to viable trading.
- To support pubs through the roadmap and into reopening, the Business and Planning Act 2020 should be extended to facilitate greater use of outdoor space and takeaway services and the late-night levy suspended.
- Local government should issue licence fee refunds for the six months to June 2021, funded by central government.

Following reopening, some extra, medium-term measures may be needed to help place the pub sector at the foundations of a strong recovery, support local economies and shore up community resilience.

Government should consider:

- In some areas, extra support is required to keep the sector afloat and in place, ensuring that the pub sector can be central to the levelling up mission and the restoration of high streets.
  - In particularly at-risk areas, such as those 'left-behind places' like coastal towns or recipients of the Shared Prosperity Fund, top-up grants should be issued to the hospitality sector in 2022 to shore-up resilience and help raise the baseline of the industry in place.
- Where pubs have been utilised for new community purposes during the pandemic, a diversification grant to pubs looking to retain or expand the services they provided during lockdown.

Looking ahead to the longer-term, as we move into the recovery phase, central government should support the pub sector through reducing the tax burden on the sector to aid this recovery and build resilience.

Government should consider:

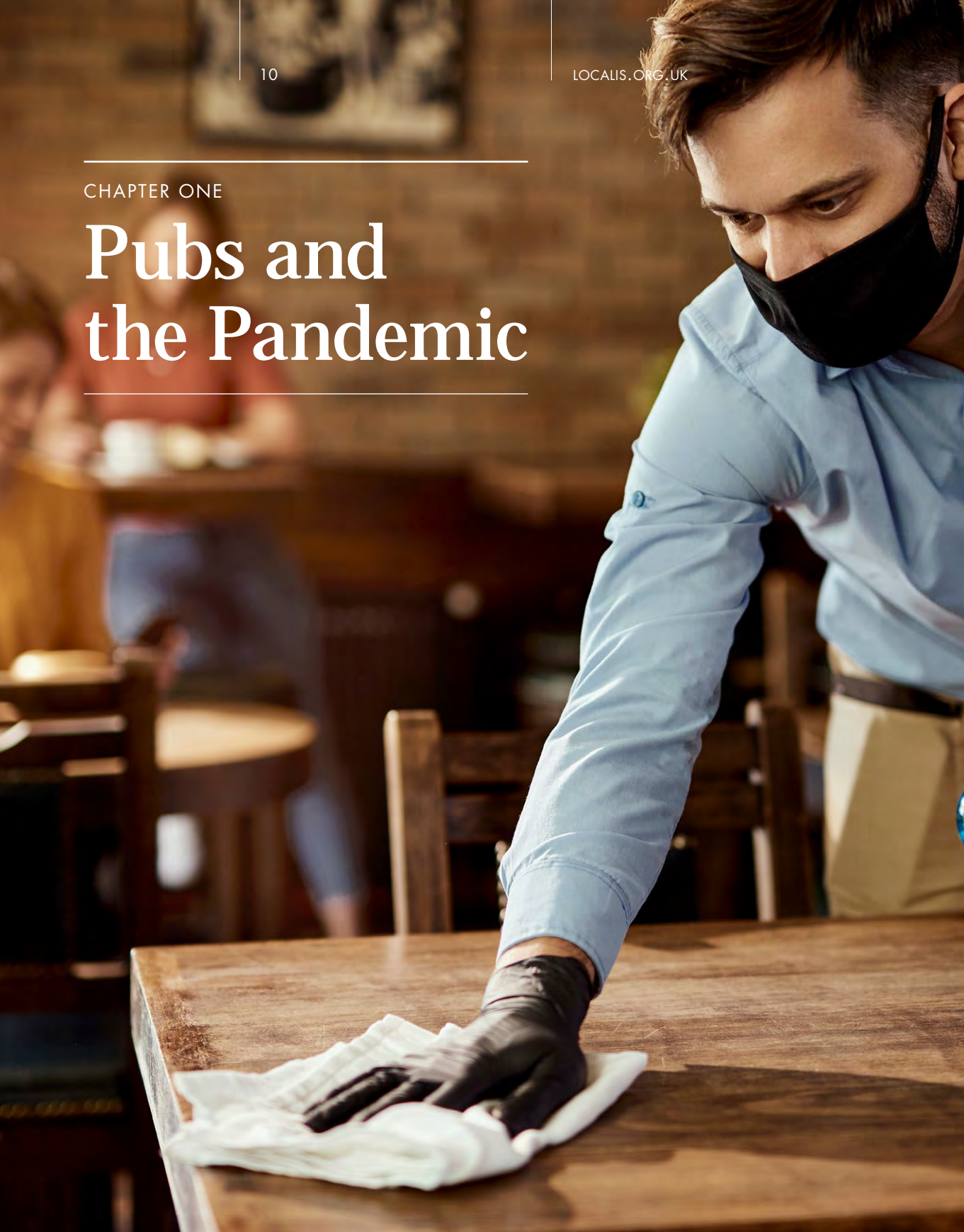
- Working with the sector to deliver a long-term and sustainable solution to business rates reform beyond the end of the rates holiday period.
- Reviewing the impact of temporary VAT cut for hospitality this year with a view to a permanent reduced rate for all food and drink sales in pubs
- Committing to a further reduction in beer duty following the duty freeze. This would help pubs and breweries in the long term, while at the same time generating the income required to lower the national debt accrued over the lockdown period and help in delivering levelling up.

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CHAPTER ONE

# Pubs and the Pandemic

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**This section looks at the restrictions placed on the pub sector over the course of the 2020 pandemic response, evaluations of their efficacy and the available current projections of the impact on the sector of different reopening scenarios. The pub sector not only varies in size and shape across Britain, but also in the role of pubs relative to the wider economy and society. The reopening of the economy, and the policy mechanisms used to protect businesses, must be considerate of this nuance.**

In March 2020, after it became apparent that the coronavirus pandemic was taking hold across the UK, the government moved to implement a string of measures aimed at curbing its spread. Ahead of imposing the first full national lockdown on 23<sup>rd</sup> March, the Prime Minister called on people to stay away and avoid pubs, clubs, and restaurants in his first daily press conference. After the lockdown was announced, all shops trading in non-essential goods, including pubs, were told to close. Running alongside this, the Chancellor of the Exchequer set out a series of support measures for the hospitality sector to help them during the extended periods of closure that were to follow<sup>1</sup>. Key to this has been the Coronavirus Job Retention or 'furlough' scheme that was introduced on 20<sup>th</sup> March 2020 and has most

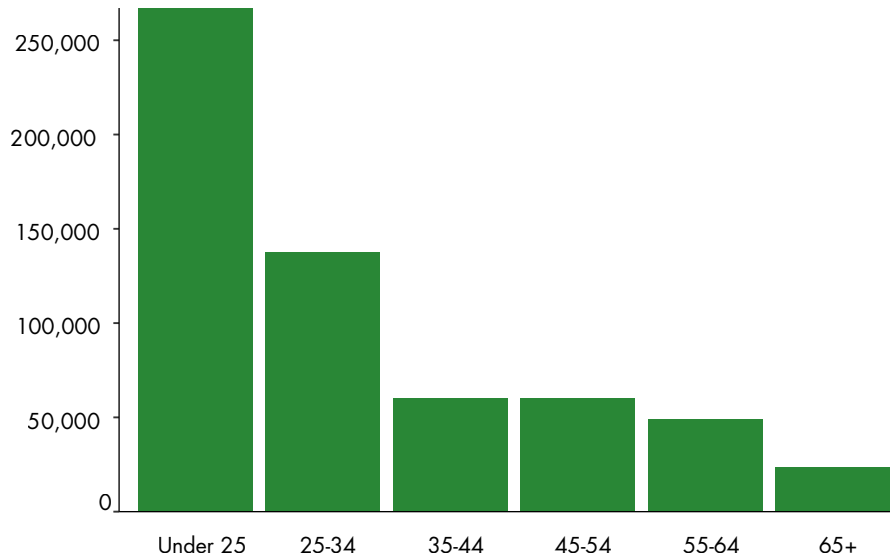
recently been extended to 30<sup>th</sup> April 2021<sup>2</sup>. Other measures in place to support the sector include a temporary reduction of VAT to five percent, business rates relief, support loans, and the Eat Out to Help Out scheme.

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1 Business Growth Hub (2021) – Government Support for the Tourism, Hospitality and Leisure Sector

2 HM Revenue & Customs (2021) – Coronavirus Job Retention Scheme guidance

**Figure 1.** Direct employment by age in the pub sector



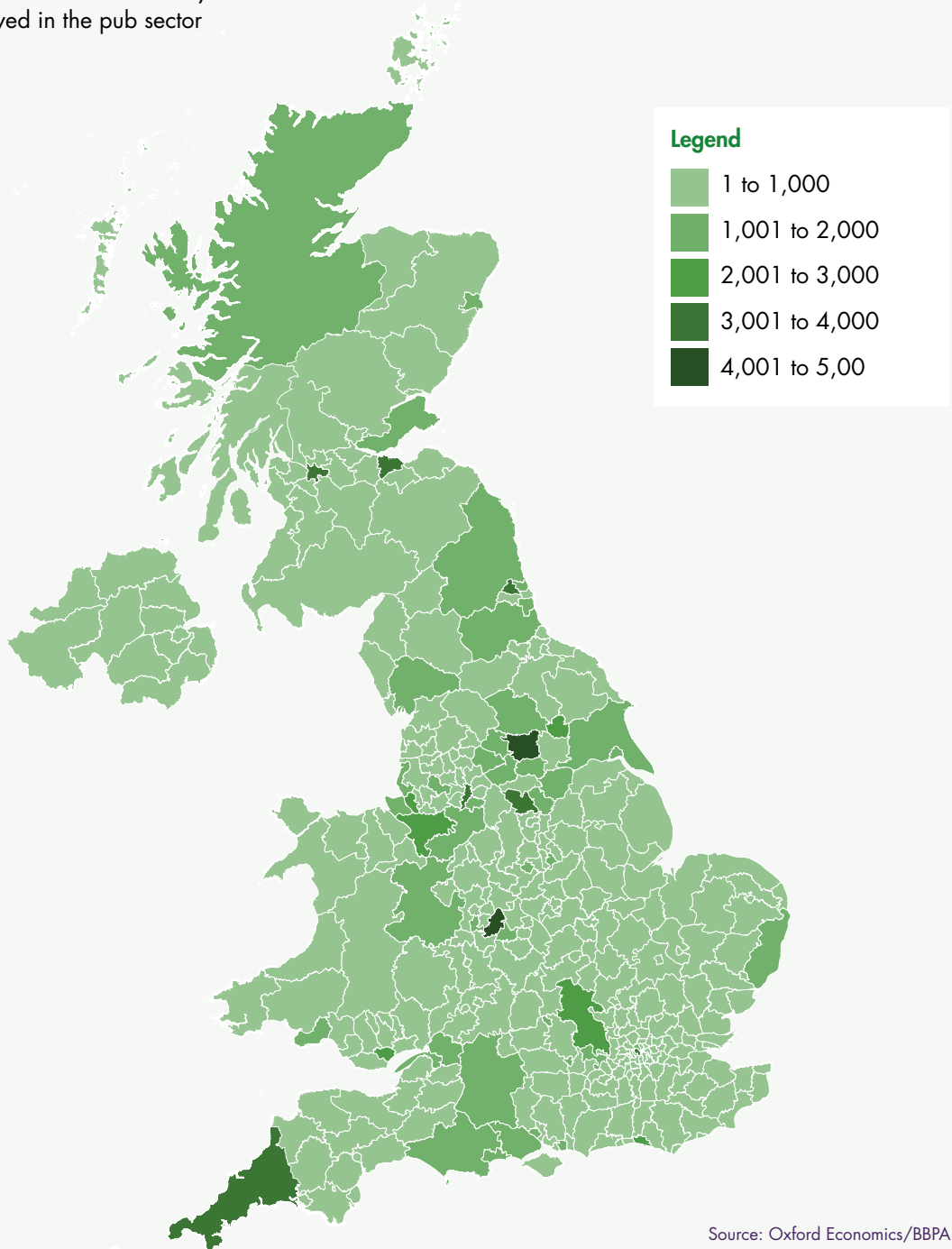
Source: Oxford Economics/BBPA

While some establishments were able to stay open for delivery and takeaway services, the lockdown resulted in large parts of the hospitality sector ceasing to trade completely. This is significant given how vital the sector is to the UK economy. Pubs support 884,860 jobs across the UK, £12.1bn of wages, and £23.4bn of GVA across the country<sup>3</sup>. Pre pandemic, 'the average household spent £27.40 per week on food and drink away from the home'<sup>4</sup>. In addition to this, 43 percent of jobs are taken by young adults under 25 years of age. Given this, they are the most vulnerable to job losses that may arise from the permanent closure of pubs. Aside from the economic impact of the lockdown on pubs, their closure has had a wider impact on community cohesion up and down the country. Pubs form a vital part of social infrastructure in place and are anchors that tie communities together. This is particularly true for rural towns and villages. Their stop-and-start closure during the pandemic has brought negative consequences in the form of increased loneliness and social isolation, especially amongst the older population.

<sup>3</sup> Oxford Economics (2020) – UK Beer and Pub Sector: Coronavirus Scenarios Report

<sup>4</sup> Economics Observatory (2020) – How has coronavirus affected pubs, cafes and restaurants?

**Figure 2.** Under-25s directly employed in the pub sector



### The policy trade-offs of pandemic response

The emergence of the coronavirus pandemic presented governments across the world with significant ethical, economic, and epidemiological dilemmas when confronted with the need to respond effectively in defeating the disease. In the UK, as with many other nations across the globe, these dilemmas presented themselves through the enforcement of lockdown and became more apparent as their implications were realised. Decisions around lockdowns, and other measures designed to reduce social interaction between people, involve making tough trade-offs. In economic terms, as the UK enters one of the deepest recessions in living memory, these trade-offs include saving lives on one hand, livelihoods and living standards on the other.


While the trade-off involved in lockdowns – particularly in the absence of a vaccine – and shutting is justified, it has been pointed out that as lockdowns progress they can be increasingly costly for those close to subsistence or already experiencing deprivation. For example, the Trade Unions Congress have stated that 43 percent of workers cannot afford to self-isolate if they fall ill and contract the virus<sup>5</sup>. This raises an important ethical dimension associated with lockdown policies, as it highlights starker issues with class divide and the wealth gap<sup>6</sup>. In analysing the ‘horrible trade-offs’ in a pandemic<sup>7</sup>, two Harvard academics have argued that the trade-off becomes one between ‘lives and lives’. This is because the justification for a trade-off between lives and livelihoods ‘assumes that households are able to bear the economic losses arising from lockdown ... in parts of society close to subsistence ... deepening the recession via a recession may be extremely costly’.

5 Labour List (2020) – 43% of UK workers cannot afford to self-isolate, warns TUC

6 Lynsey Hanley (2020) – Lockdown has laid bare Britain’s class divide

7 Ricardo Hausmann & Ulrich Schetter (2020) – Horrible trade-offs in a pandemic: Analysis and policy implications





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“It’s not just the pub that’s suffering, it’s everybody that works in [them].”

## 1.1 Evaluating the efficacy of restrictions

### Emerging from the first lockdown and 'Eat out to Help out'

*"It's not just the pub that's suffering,  
it's everybody that works in [them]"<sup>8</sup>*

After a period of almost four months of closure, on 4<sup>th</sup> July 2020 the Government announced that pubs and restaurants were able to open once again, provided that they 'adhere to COVID secure guidelines'<sup>9</sup>. While the announcement of the opening of pubs was welcome, there had been criticism regarding confusion and a lack of clarity on what the rules would entail in the run up to the decision. These concerns were compounded by the fact that, according to the BBPA, pubs required three weeks' notice for an opening date to adequately prepare staff and ensure health and safety measures could be followed<sup>10</sup>. This initial lack of clarity resulted in a number of establishments opting not to open their doors on 4<sup>th</sup> July<sup>11</sup>.

Following the re-opening announcement, the Government released their guidance document<sup>12</sup> on what the hospitality sector should do to safely reopen. Core topics included robust risk assessment, keeping customers safe through adapting for social distancing, ensuring one-way systems, and recording customer details to aid NHS Test and Trace in monitoring COVID clusters. Other measures included facilitating contactless payment, not permitting live music, and providing adequate PPE to employees.

Parallel to this, the Eat Out to Help Out scheme was announced in order to boost the hard hit hospitality sector, including the pub sector as a whole but excluding those 'wet-led' pubs which do not serve food. During the month of August, diners were eligible to get a 50 percent discount on food and non-alcoholic drinks up to £10. The discount was available at participating establishments on Mondays, Tuesdays, and Wednesdays. According to Government statistics, over 52,000 businesses registered for EOHO, with £849m being claimed through it by 30<sup>th</sup> September 2020<sup>13</sup>.

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- 8 Lindsey Armstrong, publican at the Champs Sports Bar and Grill, Washington, Tyne & Wear in The Morning Advertiser
  - 9 Prime Minister's Office, 10 Downing Street (2020) – PM announces easing of lockdown restrictions: 23 June 2020
  - 10 Morning Advertiser (2020) – Pubs need "minimum of 3 weeks' notice to reopen"
  - 11 BBC News (2020) – "We cannot in good conscience open the pub"
  - 12 HM Government (2020) – Keeping workers and customers safe during COVID-19 in restaurants, pubs, bars and takeaway services
  - 13 HM Revenue & Customs (2020) – Eat Out to Help Out statistics commentary

The scheme was received well, with data from the British Beer & Pub Association, British Institute of Innkeeping, and UKHospitality revealing that it directly benefitted Government by £250m in terms of additional revenue<sup>14</sup>. Additionally, EOHO allowed 200,000 previously furloughed staff in the hospitality sector to come back to work, which itself saved £150m in furlough costs. Furthermore, in continuing its support of the sector, the three trade bodies have called on the government for additional measures including extending the reduction of VAT rates and reforming business rates for hospitality establishments.

Conversely, a British Chamber of Commerce survey found that the scheme failed to boost the precarious financial position of hospitality industries. 66 percent of respondents 'reported a fall in sales and bookings between June [2020] and the end of September [2020]'<sup>15</sup>. The BCC's head of economics pointed to issues around the persistent weakness in cashflow in making establishments vulnerable to external shocks, such as further restrictions. Despite this, through the summer months of 2020, as the overall R rate continued to fall across the country, the government moved to a local lockdown system to address the spike of cases in particular localities while making provisions for the loosening of restrictions put in place previously.

### The effect on transmission of restrictions

One of the leading reasons given for placing restrictions on hospitality businesses has been the high risk of transmission of the virus in pub, restaurant, and café settings. Reasons for this understanding include the tendency to forget social distancing in bars, and the possibility for poor ventilation in enclosed spaces, which can increase the accumulation of COVID droplets in the air<sup>16</sup>. The latter has become of particular concern given the World Health Organisation's acknowledgement that 'coronavirus can be spread by tiny particles suspended in the air' thus increasing the risk of airborne transmission. This is in keeping with the advice given to government in February 2020 which stated that 'the impact of stopping ... public gatherings, such as at bars and restaurants, would be expected to have a larger effect on the population level spread of the epidemic' due to the fact that 'smaller gatherings ... are higher risk [than larger gatherings] as

14 BBPA (2020) – Eat Out to Help Out Scheme hands £250 million back to Government whilst saving thousands of jobs

15 Guardian (2020) – 'Eat out to help out' did not boost hospitality sector finances – poll

16 USA Today (2020) - Why bars are hot spots for COVID-19 transmission

you can be in closer contact with others'<sup>17</sup>.

More recently, the government published a policy paper in November 2020 collecting four types of evidence that "are consistent in their view that hospitality venues are a significant risk for transmission"<sup>18</sup>. This paper has been used as justification for the restrictions placed on hospitality businesses during the tier system at the end of last year. However, the industry has pushed back on this in large part because the government failed to take into consideration the varying public health safety measures the industry has been adhering to when allowed to trade. One of the key problems the industry has is that whilst 'the government has provided information as to why transmission could happen in hospitality without restrictions'<sup>19</sup>, it has failed to look at how the industry has adapted to mitigate these risks of transmission.

The Eat Out to Help Out initiative during August 2020 has been criticised as leading to a rise of COVID-19 cases that accelerated the second wave. A study by the University of Warwick states that the scheme "drove new COVID-19 infections up by between 8-17 percent"<sup>20</sup>. However, this has been disputed by the Treasury, which has issued geographic data on the scheme and claimed that participation in the scheme does not correlate with COVID-19 regionally. According to the Government figures, areas including "Westminster, Scarborough, and North Devon were highlighted as seeing high take up of the initiative but low infection numbers"<sup>21</sup>.

Overall, contested data and an inability to effectively track and trace individuals makes it near impossible to assert with full confidence which setting, under current conditions, poses the biggest risk to transmission. For example, it has been pointed out that Chris Whitty's claim that the hospitality industry is the main culprit for the rise of ICU patients in northern England rests on a small data sample<sup>22</sup>. The data was based on just 98 pubs. Moreover, data on outbreaks from PHE differs from that used by Chris

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- 17 Scientific Pandemic Influenza Group on Modelling, Operational sub-group (2020) - Consensus view on public gatherings
  - 18 Cabinet Office (2020) - Transmission risk in the hospitality sector
  - 19 Eater London (2020) - What the Government's Covid-19 Transmission in Hospitality Report Doesn't Make Clear
  - 20 CAGE Research Centre (2020) - 'Eat Out to Help Out' scheme drove new COVID-19 infections up by between 8 and 17%, new research finds.
  - 21 Morning Advertiser (2021) - 'No correlation' between Eat Out to Help Out and infection numbers, says Treasury
  - 22 New Statesman (2020) - Are pubs and restaurants to blame for the second wave of Covid-19?



Whitty. According to this data, just 3.5 percent of the total infections linked to institutions in England in the week to 4<sup>th</sup> October occurred in hospitality settings<sup>23</sup>. However, outbreak data requires two or more cases to be tracked to the location. This relies on a number of externalities including people getting tested and accurately reporting every location they visited to the Test and Trace programme<sup>24</sup>. This in itself would not be an issue were it not for the fact that the Government's Test and Trace programme has simply never functioned correctly.

### Local lockdowns and the tier system

The first local lockdown came into force in Leicester on 4<sup>th</sup> July. This was followed by Luton and Blackburn on 25<sup>th</sup> July, and Bradford on 1<sup>st</sup> August. As cases started to rise across the nation again, an increasing number of areas were placed under local lockdown until the entire system was replaced by three tier restrictions across England on 14<sup>th</sup> October 2020.

Local lockdowns proved controversial, especially as an increased number of places started to come under restrictions again and it became apparent that the system was not stopping the rise in cases. The BMJ highlighted how the UK government's own scientific advisers argued against their introduction, opting instead for a national short 'circuit-breaker' lockdown. Furthermore, Anthony Costello, an Independent SAGE advisor called for an urgent reform to the Test and Trace system, which had done little to prevent the surge of cases during the later months of summer. Central to this reform would be funding local test and trace systems that would be administered by local public health and council partners through a district outbreak management team. Regarding a circuit breaker, the benefits would be in stopping "transmission of infection within and between communities and break[ing] the oscillation of surges and falls in infections"<sup>25</sup>.

The different tiers of the system that replaced local lockdowns signified increased levels of restrictions. Under Tier 1 (medium), pubs had to ensure that patrons were seated when consuming goods on site and had to close by 10am. Under Tier 2 (high), these restrictions were the same. Under Tier 3 (very high) pubs could only be permitted to open as restaurants, in which case alcohol could only be consumed as part of a 'substantial meal'. According to a survey commissioned by the British Beer & Pub Association, the British Institute of Innkeeping and

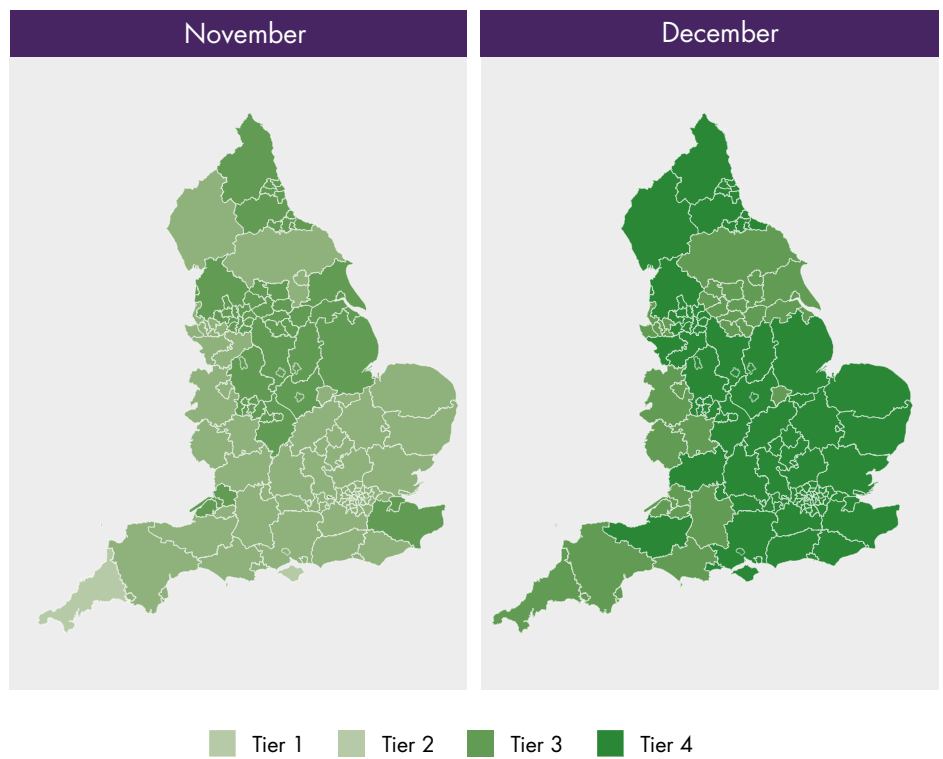
23 Ibid.

24 BBC News (2020) - Covid rules: What's the evidence for pub restrictions and curfews?

25 BMJ (2020) – COVID-19: Leading doctors argue against local lockdowns

UK Hospitality in November 2020, this tiering system was causing increased damage to the sector. For those operating under Tier 1, only 25 percent said they would be able to turn a profit, while for those in Tier 2, 76 percent stated they would be operating a loss. This increased to 94 percent for those in Tier 3. Overall, the research stated that “70 percent of pub businesses could become unviable and close in 2021”<sup>26</sup>.

**Figure 3.** Tiers in England



Source: Department for Health and Social Care/Wayback Machine Internet Archive

## Second lockdown and tier 4

This system was again repealed three weeks after its introduction and replaced with a second national lockdown that lasted until 2<sup>nd</sup> December in which hospitality businesses, including pubs, were made to close. While this was the case, schools, colleges, and universities were allowed to remain open. At the beginning of December, England returned to the tier system with Tier 4 being added on 20<sup>th</sup> December that mandated a 'stay at home' order. Pubs operating in Tier 3 areas or under were allowed to open with the rule that those in Tier 3 became takeaway only and Tier 2 would only be allowed to trade if they served a 'substantial meal' with drinks<sup>27</sup>.

The announcement of the second lockdown was criticised as being too late, given the earlier advice for a short 'circuit breaker'. However, scientists and medical practitioners renewed their call for the government to use this time to reform the Test and Trace service<sup>28</sup>. Additionally, there was a call to support businesses that were made to shut. This was echoed by sector leaders including BBPA whose chief executive said that "this could be the final straw for thousands of pubs and brewers. It will also create major disruption to our supply chain partners whose businesses are now also at severe risk"<sup>29</sup>. Given this, sufficient grants for all pubs to cover fixed costs and further disruptions was called for.

The introduction of a fourth tier came after a continued rise of infections in London and the South East. This also came with an announcement that the previously planned relaxation of rules for five days around Christmas would be cancelled in Tier 4 areas, with the rest of the country being permitted to meet on Christmas day only. On 6<sup>th</sup> January, the rest of England was placed under Tier 4 'stay at home' orders resulting in the third national lockdown during the coronavirus pandemic. Much like the first one, the only exception to leave is for essential reasons including exercise, grocery shopping, medical reasons, and caring for someone in your support bubble.

## The need to restore clarity

It is in everyone's interest to tackle the pandemic and ensure that the most vulnerable in our society are protected. This has been a guiding principle for all governments across the world. It is equally true that in so doing attention must be given to those sectors of our economy that are primed to lead recovery at the

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27 Morning Adviser (2020) – All pubs to close in national month-long lockdown

28 Science Media Centre (2020) – Expert reaction to Prime Minister's announcement of a new national England to come in to place from Next Thursday until 2<sup>nd</sup> December

29 The Grocer (2020) – Second lockdown: the industry reacts

local and national level – particularly in making sure that businesses do not bear the brunt of economic consequences brought by necessary lockdowns through permanent closure. Nowhere is this truer than for our pubs, which serve as vital social infrastructure pillars for communities across our nation.

Unfortunately, the sad reality is that inconsistent messaging and decision-making devastated the hospitality sector. With hospitality businesses making preparations for the Tier system, according to Government guidance, to then be made to close overnight<sup>30</sup>. These decisions have severe economic consequence on businesses, individuals, and families. Stories of hospitality workers facing homelessness<sup>31</sup> and wider destitution are becoming all too common. Recent grant announcements of up to £9,000 to help pubs and restaurants survive until spring have been described as ‘sticking plasters for immediate ills’<sup>32</sup>. Especially when considering how “the turmoil of 2020 led to the permanent closure of 9,930 sites”<sup>33</sup>, which is triple the number reported in 2019.

Importantly, the waves of restrictions that have targeted hospitality businesses as sites where there is a risk of significant transmission does not take into account the subsequent adjustments and hygiene protocols that have been put in place. A recent Cabinet Office policy paper on the ‘Transmission risk in the hospitality sector’<sup>34</sup>, published in November 2020, looks at a number of overseas examples from early in the pandemic – as opposed to assessing the situation post-July 2020 of hospitality businesses in England and the measures they have put in place. At the same time, a recently published report by UKHospitality<sup>35</sup> shows that businesses in the hospitality sector were not major sites of transmission for the virus in 2020, and that they will not be in spring 2021 and beyond. A significant factor in this has been the robust measures that all businesses in the sector have taken when adhering to public health measures and keeping their patrons and communities safe.

Even amidst England’s third national lockdown, numerous conflicting rumours continued to drive uncertainty in the sector. There were reports, which turned out to be accurate, that pending the successful roll out of the national vaccine

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30 BBC News (2020) – Firms moving into tier four: Devastated and disappointed

31 The Observer (2020) – “I’m seeing an industry disappear”: how lockdown is leaving hospitality workers homeless

32 The Guardian (2021) – Hospitality sector unimpressed with Sunak’s lockdown grant

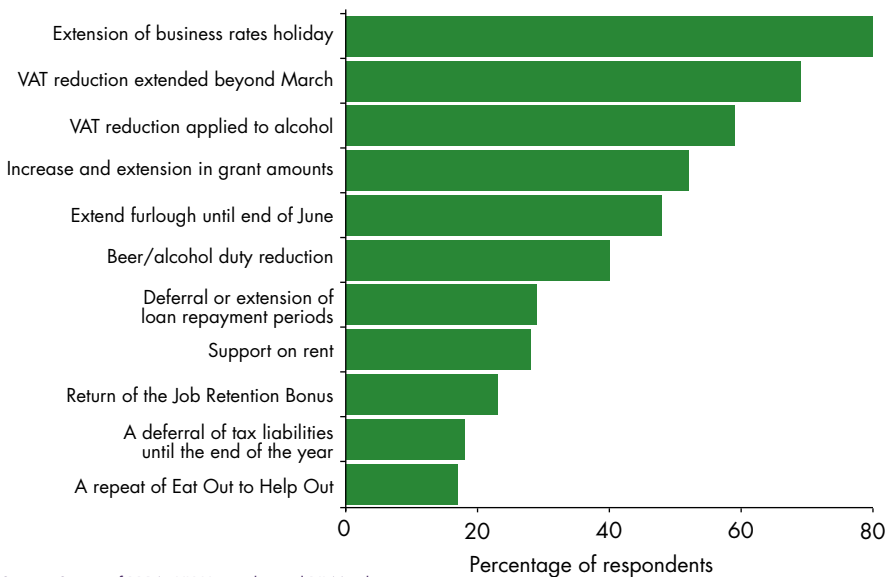
33 [https://info.cga.co.uk/hubfs/Market%20Growth%20Monitor/CGA\\_AlixPartners%20Market%20Recovery%20Monitor%20January%202021.pdf](https://info.cga.co.uk/hubfs/Market%20Growth%20Monitor/CGA_AlixPartners%20Market%20Recovery%20Monitor%20January%202021.pdf)

34 Cabinet Office (2020) – Transmission risk in the hospitality sector

35 UKHospitality (2021) - New report confirms hospitality not significant area of COVID transmission

programme, pubs and restaurants will be the last to open in May as part of a three-stage lockdown easing plan<sup>36</sup>. However, conflicting reports in the media added to huge uncertainty for the pub sector with it being reported elsewhere that businesses would be allowed to open in April<sup>37</sup>. Others saying that, regardless of when they do open, pubs would be unable to serve alcohol<sup>38</sup>. Or that they would, but again, only with a substantial meal or as takeaway only<sup>39</sup>. The ad hoc nature of announcements and rumours of announcements regarding restrictions placed on their opening and closing has compounded the effects of the pandemic's economic hit to the pubs sector. For a sector that is one of the largest contributors to the national economy, as well as being a vital social anchor for communities, this position is untenable, and now that a roadmap has been announced this must be stuck to with consistency and clear messaging. Pubs hold the key for our local economic and social renewal and as such should be treated as equal partners in our recovery.

**Figure 4.** Priorities in the pub sector, Survey of Publicans, February 2021



Source: Survey of BBPA, UK Hospitality and BII Members

36 Eater London (2021) – London Restaurants and Pubs May Not Reopen 'Until May'

37 ITV (2021) – COVID: Pubs and restaurants could reopen in April amid lockdown easing but alcohol could be banned, reports suggest

38 Eater London (2021) – The Government Chucks an Absurd Pub Idea Into the Lockdown Rumour Mill

39 The Sun (2021) – Hated 10pm curfew will be scrapped when pubs finally reopen in May with takeaway pints from April

## Pubs, sociability and alcohol

The plan, reported widely in the media, to open pubs while banning the sale of alcohol is ill thought through. Putting aside the economic harm that this can do to wet-led pubs, the idea rests on a reductive understanding of the pub as a site for inebriation first and foremost. It fails to consider the pub's broader role as a third space that enables social capital networks to be enabled. Equally, it is worth pointing out the worrying increase of alcohol consumption during the periods of lockdown over the last year.

A recent study by [Drinkaware](#) has shown that 38 percent of people who have been furloughed, and 33 percent of parents with at least one child under the age of 18 have increased their alcohol consumption since the start of the first lockdown. The same study also shows 34 percent of young adults between the age of 18-34 are drinking significantly more than at pre-lockdown levels. A primary reason given for this being mental health anxieties. This backs up stories [reported in the media](#) of individuals increasingly turning to alcohol during lockdown owing to feelings of uncertainty, stress, and anxiety. Adding to this, [medical research](#), published in The Lancet, looking into the effects of lockdown on alcohol consumption in alcohol dependent patients found an increased intake and likelihood of relapse. This is largely due to 'heightened financial difficulties, social isolation, and uncertainty about the future' to name a few reasons.

Adding to this the fierce competition the pub faces by supermarkets and off-licences for cheap alcohol, the notion that people go to the pub for the sake of consuming large quantities of alcohol starts to seem dubious. [Recent academic research](#) has explored the different forms of sociability that manifests in pubs in the context of them being vital third spaces that foster social capital. Analysis of the data showed how participants felt that pubs provide 'a place for social interaction and opportunities to make new or maintain existing friendships'.

The research looks at varying expressions of pub sociability. The first expression is found in the pub regulars, where sociability takes the form of short and regular visits to their local. Here social interaction is a primary motivation and as such excessive alcohol consumption is rare. The second expression includes those who visit the pub as part of a 'nice day out' along with other leisure pursuits. Here, as well, excessive alcohol consumption is reported as rare. With this group, 'pubs [are] spaces in which quality time could be spent with family and friends'. Thirdly, sociability is expressed through the pub being a space for engaging in leisure activities. The research brought to the fore examples of pubs hosting communal activities such as yoga classes.



These three forms of sociability illustrate the different ways that pubs provide opportunities for social interaction and the varied nature of pub sociability. Importantly, the low priority that alcohol holds in each instance is telling of how the social value of pubs extends beyond being a place for alcohol consumption. The research findings are indicative of how the benefits of pub sociability are not found in heavy drinking. Moreover, publicans and local licensing regimes play a big role in ensuring that pubs are a regulated, controlled and responsible place for the consumption of alcohol. Drinkaware have supported calls<sup>40</sup> for the reopening of pubs as safe places to consume alcohol in moderation.

## 1.2 Assessing the cost

Understandably, predictions of the cost incurred by the pub sector during extended restrictions have not been positive. As highlighted earlier, industry leaders have been quick to point out the devastating consequences of ongoing restrictions on the sector<sup>41</sup>. Despite this, as the country entered its second lockdown, in November 2020 it was reported that the Treasury has not conducted a forecast on the economic impact of restrictions including on closing pubs, restaurants and cafes<sup>42</sup>. According to its chief economist, owing to the unprecedented circumstances surrounding lockdown measures, modelling the impact of specific measures would be 'very difficult' if not impossible. This means that the government does not have any forecasts on the effects of restrictive measures being taken that are publicly available.

More generally, the government has recognised the 'significant impact' lockdown has had on the economy. Therefore, in its *'Analysis of the health, economic, and social effects of COVID-19 and the approach to tiering'*<sup>43</sup>, the Government stated that it brings the 'timeliest and most relevant information on health, society, and the economy' to inform its decision making. Economic data drawn from the ONS, OBR, the Bank of England and others forms the analytic basis for this decision-making. In sentiment, echoing that of the Treasury's chief economist, the report also states that owing to the range of factors needing to be considered, 'any attempt to estimate specific economic impacts of precise changes to individual restrictions ... would be subject to wide uncertainty'. While these variables might make it difficult for government to give forecasts of the effect of restrictions on specific sectors, this has not stopped the hospitality sector from looking into this themselves.

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40 Shropshire Star (2021) – Reopening pubs could help the community, trade body says

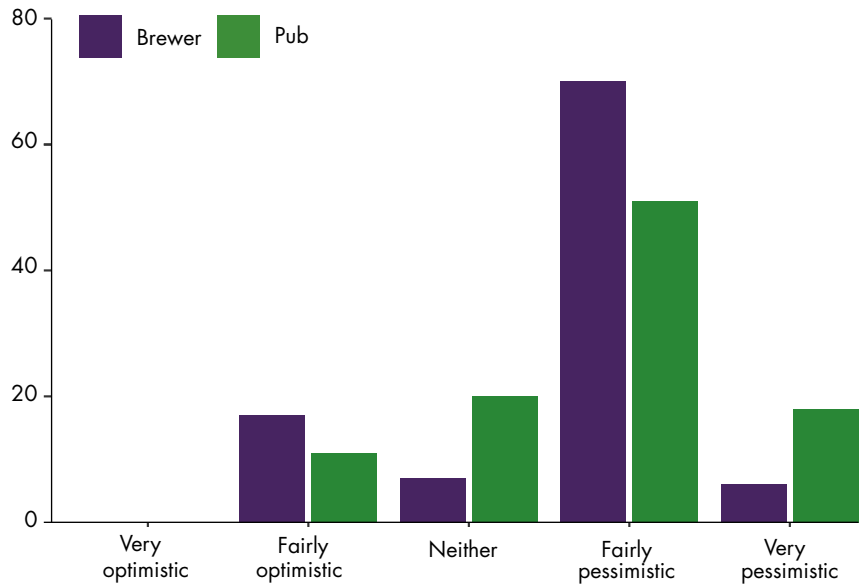
41 The Grocer (2020) – Second lockdown: the industry reacts

42 Huffington Post UK (2020) – Treasury Has Not Forecast Economic Impact Of Closing Pubs, Chief Admits

43 HM Government (2020) – Analysis of the health, economic and social effects of COVID-19 and the approach to tiering

### Figure 5. Confidence in the pub sector

Survey: How optimistic are you about the prospects for your business over the next 12 months?



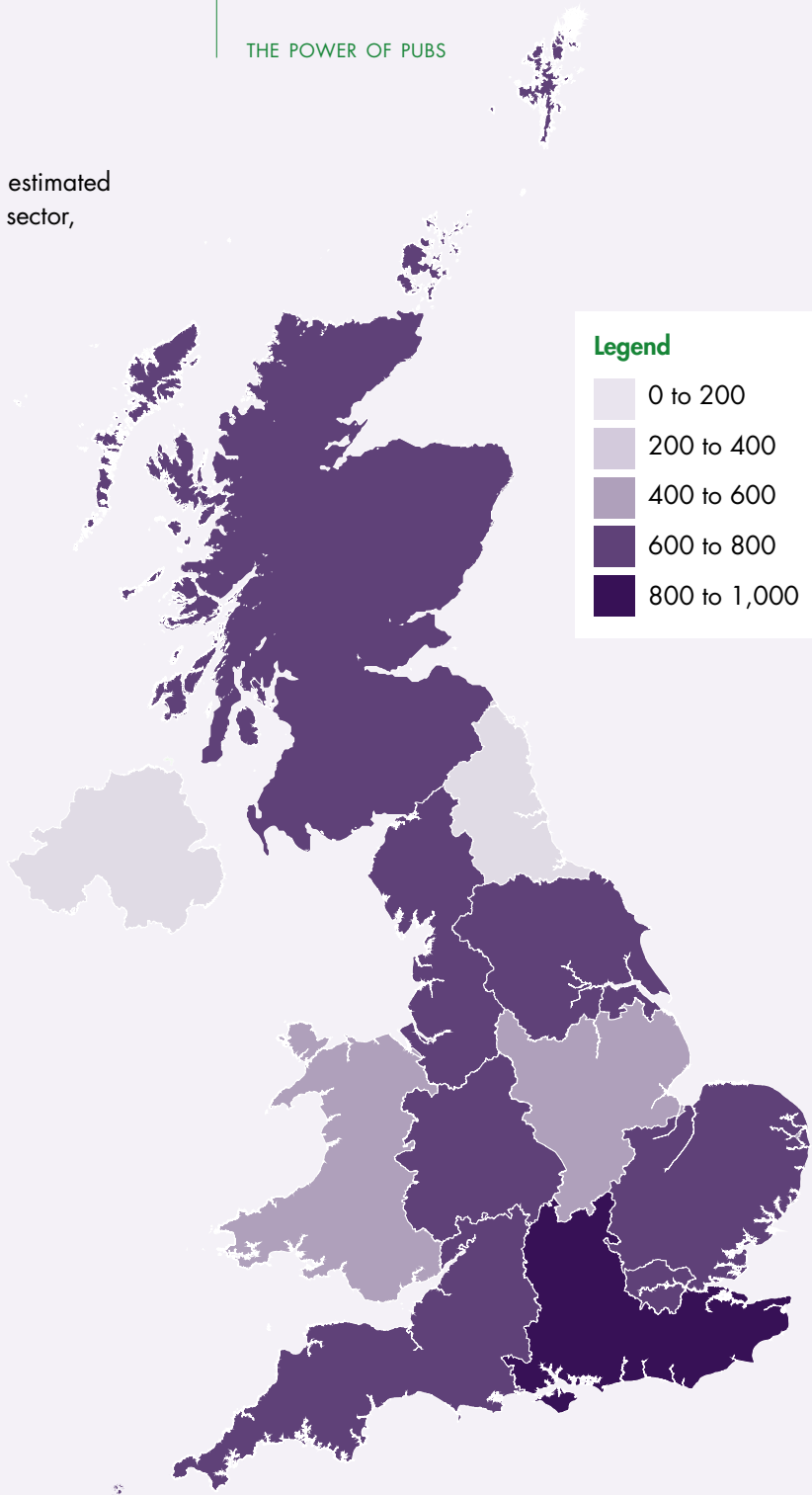
Source: Survey of BBPA, UK Hospitality and BII Members

### Potential scenarios

In October 2020, the British Beer & Pub Association commissioned Oxford Economics to assess the likely impact of COVID-19 on Britain's brewing and pub sector. Based on a range of surveys carried out across the sector in summer 2020, when pubs opened after the first lockdown, the report<sup>44</sup> develops three 'what if' scenarios. These scenarios model negative out-turns resulting in continued social distancing guidelines and the withdrawal of financial support offered by the Government. No doubt the subsequent tier regulations and lockdowns put in place after publication have compounded these scenarios.

The first models on a lower impact. In this scenario all pubs are open but only 78 percent are able to break even. Here, the sectors total GVA is £3bn lower than pre-pandemic levels with Oxford Economics predicting a loss of nearly 115,000 jobs. The second scenario models on a medium impact. Here, a quarter of pubs (12,000) across the UK are assumed to close. The sector's total GVA is estimated

**Figure 6.** Combined estimated tax paid by the pub sector, 2016 (£m)



to be £5.4bn lower than pre-pandemic levels. Additionally, employment is predicted to experience a fall of 23.9 percent across the union, resulting in wages being £2.8bn lower than before COVID-19. The third scenario, modelled on higher impact, is the most pessimistic assumption and combines pub closure with non-profitability. Total GVA falls by £7.4bn and employment levels are one third lower than before the pandemic, resulting in a loss of £3.9bn to wages.

This analysis lays bare the stark danger of job losses to the sector (ranging from 115,000 to 290,000) and shows how the pandemic's impact to the sector will be felt across all regions of the UK. Moreover, given the fact that the pub sector generates £13bn in tax for the Exchequer, this impact will also be felt by government. This bleak forecast is in close danger of becoming a reality unless the government acts to ensure hospitality businesses can help spearhead the road to recovery.

### The Government Roadmap

On Monday 22 February 2021, the government released the much anticipated roadmap out of lockdown. With a strong determination for the current restrictions to be the last<sup>45</sup>, the roadmap set out a four step plan guided by the data and dependent on the continued successful roll out of the vaccination programme. The introduction of each step will be reviewed by the latest data on the efficacy of the previous step against a number of tests. These include; the deployment of vaccines, a related downward effect on hospitalisation and death rates, an easing of pressure on the NHS, and the absence of new variants. In order to see the results of each step against these measures, a period of five weeks between them is required. Compared to the manner in which measures were announced last year, the roadmap is looking much more in the long term and is calculated in its approach.

Having said this, there was not enough attention given to the hospitality sector as would be expected given that it has been one of the worst affected by the events of the last year. While the document does recognise this fact, pubs specifically are only mentioned once. Overall, the reopening of the sector starts in step 2, no earlier than 12 April, with outdoor hospitality being allowed to resume. Importantly, the government have scrapped restrictions on the 10pm curfew and the need to buy a 'substantial meal' with an alcoholic drink. And no mention has been made of previously reported suggestions of reopening with a ban on the sale of alcohol. Despite these encouraging steps, trade bodies have pointed out that three in five pubs will remain closed once these measures are introduced, as they are not viable

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45 <https://www.politico.eu/article/boris-johnson-coronavirus-lockdown-reopening-cautious/>

businesses under outdoor-only restrictions<sup>46</sup>. In step 3, scheduled no earlier than 17 May, indoor hospitality will be allowed to resume.

In reality, this will be the main date that many pubs across the country will be looking at in terms of reopening. At the same time, non-essential retail will re-open in full capacity<sup>47</sup> in step 2. No explicit reason is given for why pubs are treated differently than non-essential retail in the roadmap, however there is some indication to an underlying logic based on social contact guidance. While non-essential retail will open in step 2, it will only be possible to go shopping on your own, or with a member of your household. This is in accordance with the ban on indoor mixing that will remain in place. Perhaps the logic for treating pubs differently is based on an assumption that it is easier to mix households indoors in these settings. Yet, this is at best conjecture in the face of an absence of conclusive evidence to justify treating non-essential retail and pubs differently.

The reality for many pubs of a May re-opening will mean continued economic pressure in the lead up to the summer months. For its part, the roadmap highlighted how the March Budget would outline the 'next stage in the Government's Plan for Jobs including further detail on economic support to protect jobs'. The abiding hope for the pub sector and hospitality in general is a recovery in cash flow commensurate with the extension of the furlough scheme to September.

### 1.3 Regional differences

While the pandemic has brought to light the precarious future of the pub, they have been experiencing a steady decline in recent decades. According to ONS figures, between 2008 and 2018, the number of pubs fell from 50,000 to 39,000<sup>48</sup> – these numbers are lower than industry estimates taken from the Valuations Office Agency ratings database. Factors contributing to this decline include competition faced by supermarkets and off-licences, a heavy tax burden, as well as the rise of home entertainment. The pandemic has compounded these challenges even further.

The pandemic and the policies enacted in response have had a social as well as economic cost. The pub's role as a social anchor is central in helping build a sense of community cohesion. They 'represent important third places for social aggregation and provide the physical setting for many types of communal activities'<sup>49</sup>. For many people, a visit to their local pub serves as an occasion to

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46 <https://www.morningadvertiser.co.uk/Article/2021/02/23/How-many-pubs-will-open-in-April>

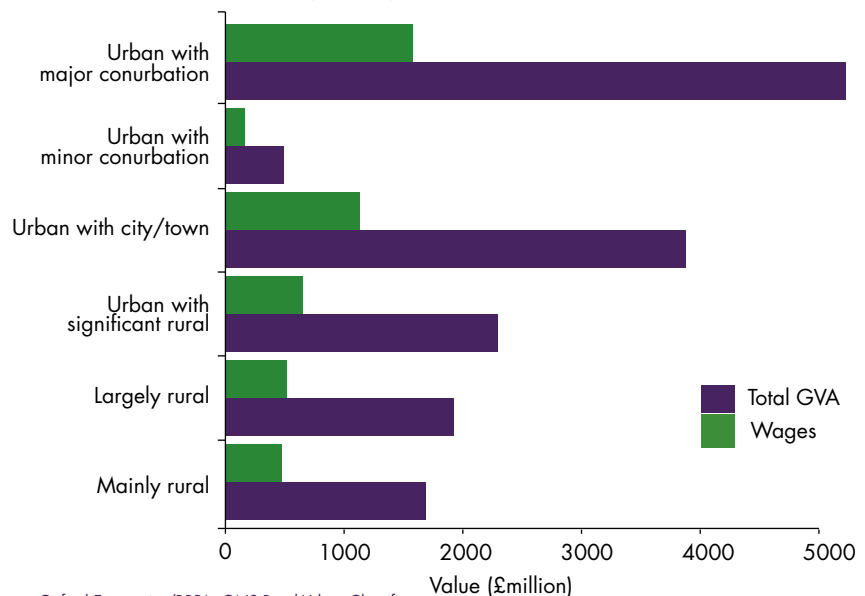
47 With social distancing guidelines in place

48 ONS (2018) – Economies of ale: small pubs close as chains focus on big bars

49 Ignazio Cabras (2016) – Assessing the impact of pubs on community cohesion and wellbeing in the English countryside: A longitudinal study

leave their house and socialise with neighbours and friends, helping prevent social isolation and loneliness<sup>50</sup>. Particularly in rural towns and villages across the UK, 'the pub may operate as the centre of [local] social life, especially if there are no other alternative social facilities'<sup>51</sup>. For this reason, extended restrictions, and possible permanent closure, of rural pubs could threaten the social fabric of many communities.

**Figure 7.** Economic value of pubs by Rural-Urban Classification



Source: Oxford Economics/BBPA, ONS Rural-Urban Classifier

### The urban-rural divide

In urban areas, pubs constitute a vital element of the Night-Time Economy (NTE) that attracts local residents as well as tourists and visitors to city centres. In the 1990's and 2000's, the government encouraged the development of the NTE, which coincided with a nation-wide strategy to revitalise the urban centre through the development of various attractions. On the other hand, this level of support was not enjoyed by rural pubs which adapted to different business models to survive (including becoming Bed & Breakfasts)<sup>52</sup>.

50 Reuters (2020) – The Pub and the Pandemic

51 Ibid.

52 Ibid.

In rural parts of the country, the pubs' functional role as a third space to foster social capital and embed community cohesion makes the fact that one in five of them have closed over the last two decades<sup>53</sup> all the more depressing. An issue in all types of places, the closure of pubs in rural areas particularly inhibits the ability for social exchange and leads to the decline of several other community initiatives taking place at the local level. This is particularly the case when considering how 'pubs provide the setting where individuals or groups of people start initiatives that generate positive outcomes for the community or whole society'<sup>54</sup>. An increasing number of groups have been highlighting this issue. One such is the Countryside Alliance, which is a campaigning organisation promoting the rural way of life, that has been active in highlighting the importance that pubs play in rural communities across the country<sup>55</sup>.

Recent academic work<sup>56</sup> has identified a positive association between the presence of pubs in rural areas and higher levels of community cohesion. According to the study, pubs play a significant role in promoting social engagement amongst the community. It also found that over the last few years there has been an uptick of people moving to rural areas, a trend promising to continue as a result of COVID-19<sup>57</sup>. This being the case, it is important that rural communities have access to strong social infrastructure including schools, shops, affordable housing and pubs. A decrease in services and social facilities is not in keeping with the increased demand for them. Therefore, it is crucial to preserve and increase these elements, including the pub, that aid community cohesion and social integration.

### Deprivation and community assets

Not addressing the precarious situation that pubs have found themselves in as a result of extended restrictions, and what this means for their future in our communities, will result in more continuing to close permanently, with potentially disproportionate damage to areas already dealing with deprivation. Research carried out by Local Trust shows that 'a lack of places to meet (community centres, pubs, or villages) ... make[s] a significant difference to social and economic outcomes for deprived communities'<sup>58</sup>. Areas of deprivation that lack these community assets have higher levels of poverty, unemployment, and poor health than others, leading to them being 'left behind'. All in all, the Local Trust study identified 225 left behind areas across the country.

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53 The Conversation (2020) – COVID-19 will have a long-term impact on rural communities

54 Ibid.

55 Countryside Alliance (2021) – Pubs form part of the backbone of rural communities, we must protect them

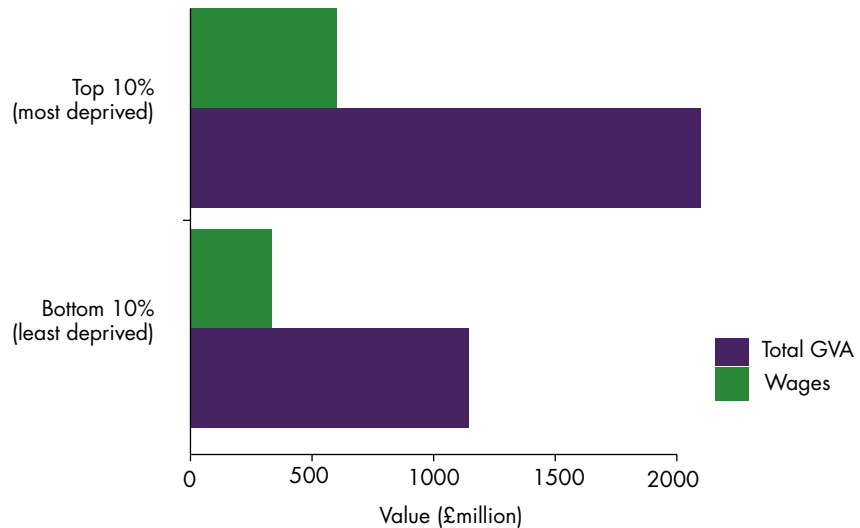
56 Ibid.

57 The Guardian (2020) – Escape to the country: how COVID is driving an exodus from Britain's cities

58 Local Trust (2019) – Left behind? Understanding communities on the edge



**Figure 8.** Economic value of pubs by average Indices of Multiple Deprivation rank



Source: Oxford Economics/BBPA, MHCLG Indices of Multiple Deprivation

Working to avoid the further closure of community assets in left behind areas and ensuring that these areas directly benefit from the levelling up agenda has to be the Government's priority moving into recovery: especially given the overlap between the left behind areas and the red wall seats won in the last general election in areas including Blyth and Newton Aycliffe. A survey carried out by the Local Trust in October 2020 showed that communities in these left behind areas continue to feel that they are missing out on vital community assets and places to meet when compared with other areas<sup>59</sup>.

### The north-south divide

In October 2020, as infection rates continued to rise, large parts of northern England were told to close their pubs, restaurants, and cafes with the promise of new support measures for those affected in the hospitality sector<sup>60</sup>. And in a growing sign of discontent with the regional based approach and other restrictions on hospitality businesses, a number of Conservative MPs signalled that they would vote against the Government on measures including the introduction of a 10pm

59 Local Trust (2020) – 'Left behind' areas missing out on community facilities and places to meet

60 Sky News (2020) – Coronavirus: Johnson expected to order pubs to shut in north of England

curfew on pubs. At the same time, a stand-off emerged between local leaders and central government when metro cities in the north, including Manchester and Liverpool, were told they would be placed in the highest tier of restrictions. This arose out of the lack of a robust financial settlement to support flagging businesses in the hospitality industry that were made to close with little warning.

Andy Burnham, the mayor of Greater Manchester, described the move as 'an active choice to level down'<sup>61</sup>, and a betrayal to those voting Conservative for the first time believing that the government's levelling up agenda will benefit their communities. The mayor stated that the prime minister was leaving himself open to court action on the grounds of discrimination – especially from those in low paid hospitality jobs, given the Government's decision to only pay two-thirds of wages to those affected by closure as opposed to the 80 percent of the furlough scheme.

Following this, when England went into the second national lockdown, the Northern Research Group called for a clear road map out of lockdown<sup>62</sup>. The group includes many newly elected northern Tory MPs, whose constituencies were already in the highest tier of restrictions before the lockdown came into force. Jake Berry MP, chairman of the NRG, expressed concern that once the lockdown ended in early December, northern constituencies would go back into these restrictions. The fact that over 70 northern business leaders backed the NRG's call for a clear road map demonstrates the level of discontent at the regional patchiness and inconsistency of extended restrictions.

Taken together, the dual effects of being placed in the highest tier restrictions followed by national lockdown has fostered the sentiment that 'northern areas ... are being singled out for economic punishment through lockdown [and] the disease itself'<sup>63</sup>. As the regional tier system progressed through the end of last year, it became increasingly apparent that the places affected the most were in the 'red wall' areas. These areas saw a hit to their regional economies when England went into its first national lockdown at a time when the virus was most prominent in southern parts of the country. Yet a different approach was taken when the opposite occurred. Adding to this, the ad-hoc nature of decision making through minimal consultation with local leaders, as well as the failure to deliver a functional Test and Trace system, has compounded a sense of central government incompetence.

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61 The Observer (2020) – Boris Johnson 'betraying his red wall voters' over lockdown cash

62 BBC News (2020) – COVID-19: Northern Tory MPs demand England lockdown exit plan

63 Vince Cable (2020) – Boris Johnson could lose his 'red wall' seats due to pandemic incompetence



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CHAPTER TWO

# Pubs and the State

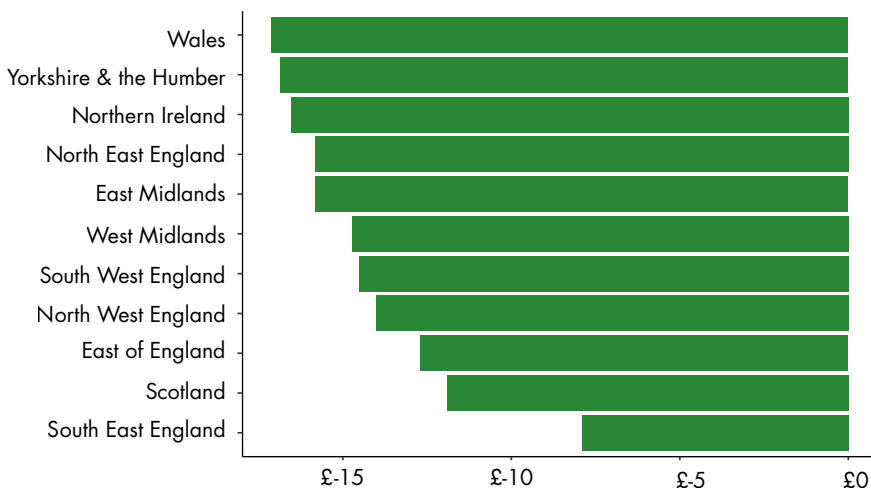
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## The stand-off that emerged regarding the tier-based approach between local leaders in northern England and central government highlights how a lack of concrete and sustained support for the hospitality sector can threaten the pledge to level up the UK.

The levelling up agenda was set as a core manifesto commitment by the Government in the run-up to the 2019 general election. It is a leading cause for delivering the Government's 80-seat majority as well as breaking through the red wall of historically Labour voting constituencies. The commitment is aimed at reducing the UK's wide regional inequality, which is pointed out to be 'the worst of any comparable developed country'<sup>64</sup>.

This includes huge disparities between the south and northern parts of England on levels of disposable income, health, and productivity, with London and the South East enjoying the highest standards. The gradual decline of industry, the growing gap in living standards, and resulting feelings of discontent in many affected parts of the North East and the Midlands has also been linked to these areas voting Leave in the 2016 Brexit referendum<sup>65</sup>.

**Figure 9.** The Productivity Gap, difference from London in productivity per hour worked



Source: ONS NUTS1 productivity data

64 Financial Times (2020) – UK's regional inequality one of worst in developed world

65 Reuters (2019) – Labour Party's Red Wall across England falls as voters clamour for Brexit

After winning the election, the Prime Minister acknowledged the mandate he had been given to 'unite' the UK and 'level up' those parts that had been left behind<sup>66</sup>, many of whom returned a Conservative MP for the first time in their history. The government, acknowledging the need to 'get away from the idea that "Whitehall knows best"', had big plans to not only invest in places across the country but give them more control over how related decisions are made<sup>67</sup>. Unfortunately, shortly after winning the election, the government's attention shifted to dealing with the pandemic. As is the tendency of the British state when pressed to respond with urgency, the response over the last year has been highly centralised in its nature of decision making.

## 2.1 Pubs and Levelling Up

As has been covered, the response to the pandemic has had wide ranging adverse consequences for the hospitality sector. Yet, as one of the biggest contributors to the UK economy, the sector has a vital role to play in the recovery and levelling up journey of the country. If the government fails to provide robust and sustainable support that considers the long-term requirements of the industry, then its ability to deliver on a core manifesto commitment comes into jeopardy. The significance of this becomes apparent when considering the industry response of plans to reopen pubs in May, which states that there 'could be very little left to reopen'<sup>68</sup> if closures last that long. As the chart below shows, around one in twenty people in England, Scotland and Wales are employed in food and beverage service activities at any given time. This illustrates the importance of the sector to the 'foundational economy'<sup>69</sup> – the base on which growth and innovation are built – and emphasises the importance to the entire levelling up project of reinforcing pubs and the wider hospitality industry.

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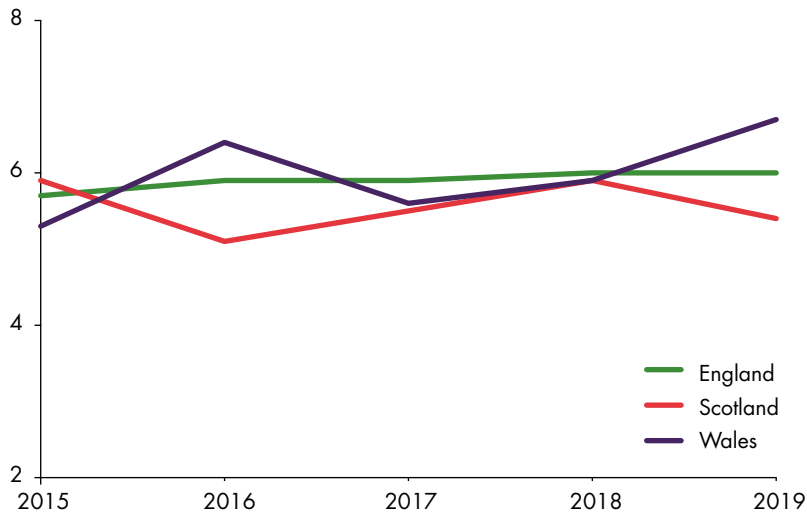
66 BBC News (2019) – General election: Boris Johnson - 'We are going to unite and level up'

67 The Conservative and Unionist Party Manifesto 2019

68 BBC News (2021) – Wetherspoons calls for pubs to reopen 'to save jobs'

69 Welsh Government (2019) – The Foundational Economy

**Figure 10.** Percentage of employment: food and beverage service  
England, Scotland and Wales; 2015-2019



Source: Business, Register and Employment Survey (data unavailable for Northern Ireland)

Going forward, a change of course that values the industry's potential as a leader in the pandemic recovery and to levelling up efforts needs to be in place. The UK 2070 Commission's report on '*A New Deal for Levelling Up the UK*'<sup>70</sup> has called for a Dynamic Recovery from the pandemic, one where 'an increasingly convergent spread of growth would ... increase economic performance in the rest of the UK, reducing patterns of inequality and skills gaps'. Recognising how the sectors most needed for the success of levelling up, including hospitality and education, have been the hardest hit, the report warns that continuing business-as-usual will 'reinforce and increase division between our nations and regions'. The dangers of continuing in the same manner as before risks the prediction of 72 percent of hospitality and pub businesses permanently closing in 2021 becoming a reality. This would make the Government's levelling up promises untenable, especially when considering that close to 10,000 licensed premises already closed during 2020<sup>71</sup>.

70 UK2070 Commission (2020) – Go Big Go Local

71 Sky News (2021) – COVID-19: How many pubs, restaurants and clubs closed their doors permanently in 2020



Nevertheless, the government showed its commitment to Levelling Up in the 2020 Spending Review, and in making clear that the agenda is still very much at the top of its priority list, announced the creation of the Levelling Up Fund to 'invest in local infrastructure and support economic recovery'. The £4.5bn fund, intended for regions in England, is committed to delivering on community projects by the end of the current parliament. A further £0.8bn is reserved for Wales, Scotland, and Northern Ireland. It will be managed jointly between the Treasury, the Department for Transport, and MHCLG. While the full amount will be available by 2024, approximately £600m is expected to be available through the fund for projects including regenerating town centres and community infrastructure, as well as local road schemes and railway station upgrades<sup>72</sup>. Alongside this, the UK Shared Prosperity Fund, set up to replace European Structural and Investment Funds, will have a total value of £1.5bn a year, supporting places including 'former industrial areas, deprived towns, and coastal communities'<sup>73</sup>.

Taken together, both funds are central to closing the gap of regional inequality and deliver on the government's pledge of levelling up the UK. At the same time, a strong pub and hospitality sector in localities will be key to the successful regeneration of place. Therefore, the sector must be factored into the distribution of these funds. More than this, recognising the vast benefits to place that a thriving pub sector can bring, the government should be doing whatever they can to build resilience into the sector. Current levels of support are inadequate to protect local economies from the shock of a sudden downturn in the pub sector.

### The risk of 'levelling down'

Once the tier system was introduced again following the second lockdown, the government announced a one-off £1,000 grant for wet-led pubs. However, its own MPs have recognised that this is not sufficient<sup>74</sup> to cover the fixed costs and mounting debt that many businesses will be incurring. Response from industry leaders, including the CEO of the Revolution bar chain, has labelled the grant amount 'derisory and insulting'<sup>75</sup>. These comments came as the chain saw the permanent closure of six bars across London, Bath, the West Midlands, and Sunderland resulting in the loss of 130 jobs. The rapid change to the tiers

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72 GRIN (2020) – Initial details emerge of the £4 billion 'Levelling Up' Fund and the 'UK Shared Prosperity' Fund

73 HMT (2020) – Spending Review 2020

74 Aaron Bell MP (2020) – Levelling up and support for hospitality

75 MailOnline (2020) – Revolution bar chain boss slams Government's 'scandalous' treatment of bars and nightclubs during COVID pandemic and says £1,000 grants are 'derisory and insulting' after group shut six bars and cut 130 jobs

that areas were put in, decided by Whitehall, saw pubs across the country incur additional economic costs. Particularly through food, bought to meet the government's 'substantial meal' requirement, having to be thrown out<sup>76</sup>.

Moving forward, future government support for the sector needs to be further reaching and more nuanced to local need. It must reflect the true economic cost of continued restrictions in facing associated challenges. Given the government's spending pledge to back up its commitment of levelling up left behind parts of our nation, and the fact that a £1,000 one-off grant was deemed fit enough to support wet-led pubs for the unforeseeable future is nothing short of a let-down for the country and any promise of levelling up.

Further compounding the issue, Centre for Cities' *Cities Outlook 2021*<sup>77</sup> has brought to light how the economic impact of the pandemic presents a new risk of 'levelling down' in the south. This is in addition to the impact making the wider task of levelling up four times harder. This two-pronged challenge means the government is now faced with ensuring pre-existing promises to the North and the Midlands are kept while protecting the towns and cities in southern England hit by the pandemic. According to the analysis, the risk of 'levelling down' is dependent on the types of industries within the local economy. In London, the hit to the hospitality sector has been linked to the number of jobs that can be done from home. Therefore, once office working resumes in whatever capacity it may, so the sector should start to see a recovery.

With regards to levelling up, 80 percent of the challenge was within cities and large towns pre-pandemic. Currently, Birmingham, Glasgow, Manchester, and Newcastle are the four largest cities that make up two-fifths of the challenge<sup>78</sup>. Conversely, in areas such as Crawley where Gatwick Airport is a main local economic anchor, the recovery will take longer as the industry recovers from COVID-19. The associated challenges of levelling down will present differently across each locality depending on the make up of the local economy. Seen in this light, the challenges Crawley will face as the aviation industry takes its time to recover will be acutely different to London or Manchester, whose economies are not so dependent on a single industry or economic anchor. Therefore, in leading economic recovery at the right level and facing these challenges with resilience, localities will need more autonomy in responding to the unique challenges of place.

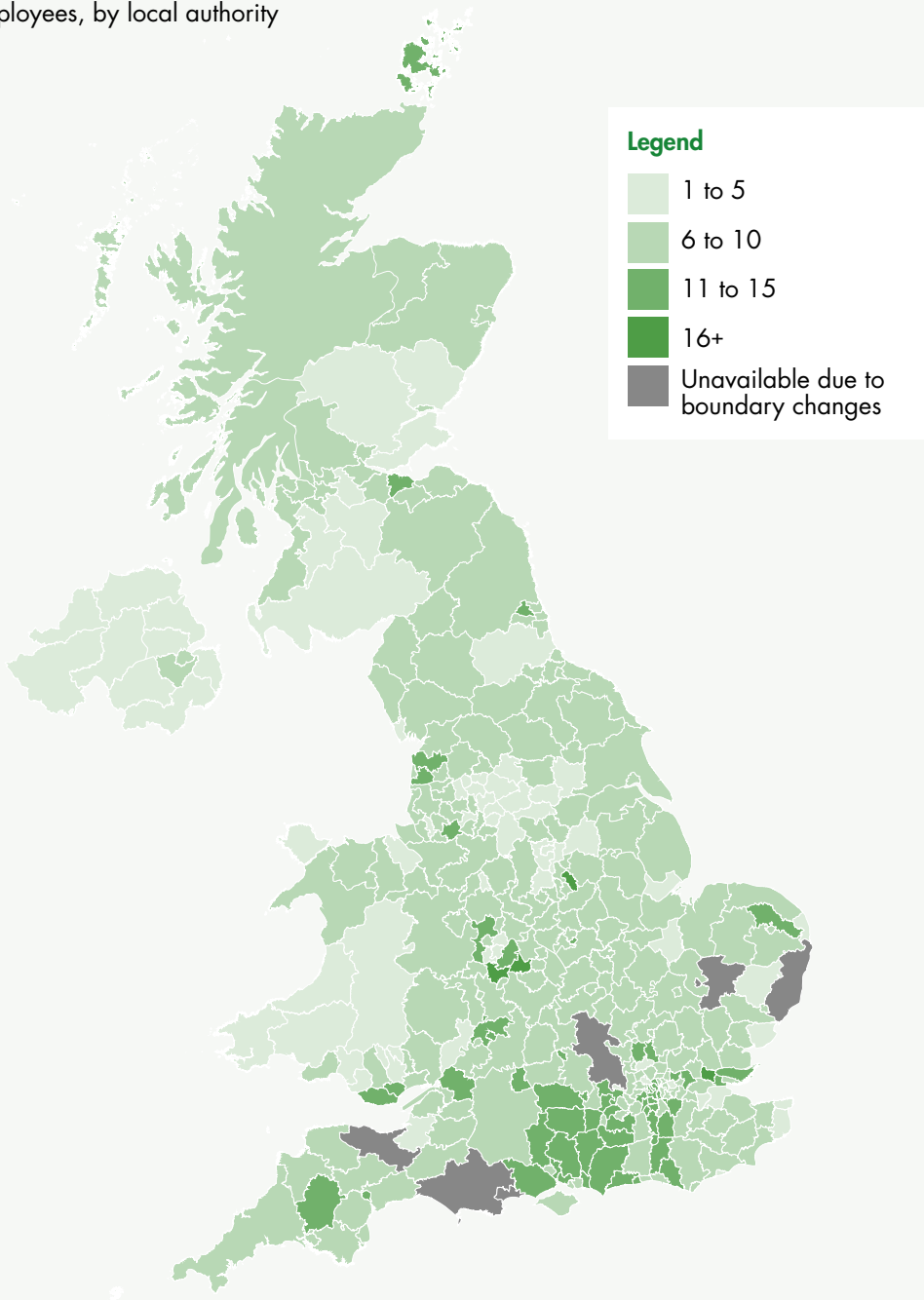
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76 The Caterer (2020) - 'Substantial meal' rule sees restaurants and bars struggle with rise in food waste

77 Centre for Cities (2021) - *Cities Outlook 2021*

78 Ibid

**Figure 11.** Size of pubs: median employees, by local authority



While support for any sector needs to be considered in the balance of unprecedented national debt which requires prioritisation of growth-boosting and revenue-raising policies, the positive effect of pubs on the national fiscal situation in normal times is clear. Pubs are a major beneficiary to the Treasury. They hold the potential to generate the income needed to lower national debt and kickstart the economy again. However, if they are not helped in the right way to properly trade again, then not only will many face permanent closure and a loss of local employment, but exchequer revenues will suffer. For this reason, pubs of all types have to be helped in trading to remove the accumulated debt of the last year and generate income and employment in their communities. Practical steps in this direction could include a suspension of business rates for the sector, ahead of wider reform, and getting the VAT reduction extended for alcohol products. The latter would ensure that measures cover wet-led pubs too.

The pub and wider hospitality sector will be crucial in the medium and long term not only for our economic recovery but also for the social resilience of communities across the UK. Given this, they should play a central role in any local recovery plan. What this role consists of will differ depending on each locality's circumstance. What is required in an urban setting, in line with the demands of the night-time economy, would not be the same for rural towns and villages. This once again illustrates the inherent problem with the blanket restrictions placed on the sector over the last year. Particularly in rural England, the 'substantial meal' requirement and ban on household mixing greatly inhibited a pubs' role as a community anchor. The value and wide geographic spread of the industry renders pubs crucial to levelling up. For central government and the mission to do so alongside recovery, the challenge is to ensure that pubs which have had a particularly damaging year are well-supported to at first survive, then to thrive as a key plank in the platform to level up Britain. To do so, targeted support is required, which means taking advantage of the relationship between pubs and the local state.

## 2.2 Pubs and the local state

Due to the way the local state is regulated, there are a number of ways to support pubs both as businesses and as community assets through the institutional architecture of the local state.

### Licensing

Businesses that want to trade alcohol in England and Wales are required by law to have a premise licence permitting them to do so. Since the introduction of the Licensing Act 2003, these are provided by local authorities. Overall, there are three licensing fees payable every year by pubs:

- The annual fee payable for the premise licence, which is set by central government and collected by the local authority.
- A pavement fee for tables and chairs to be allowed to be placed outside, which is set by local government.
- The late-night levy. This is not a nation-wide fee, but for those local authorities that have introduced it, it is payable by pubs and licensed premises so that they can sell alcohol beyond midnight. This levy is governed through legislation set by central government and collected by local authorities.

Already, throughout the pandemic, some local authorities have used their licensing powers to support local pubs. The premises licence is charged by central government through an annual fee as set out in the Licensing Act 2003. Moreover, the local authority has the power to suspend a pub's premise licence for the failure of payment with 48 hours notice. Some local authorities have, understandably, been exercising leniency in the timings around collections and enforcement of licensing fees in the circumstances of the past year's business. However, given that for six of the last 12 months pubs have not been able to use these licences, a more blanket measure would be appropriate. Central government should look to refund holders 50 percent of their fee. In the case that they have not paid the fee, the next payment amount should be halved. This small measure would, at the very least, alleviate the situation of publicans large and small being charged for a licence that was not useable.

The pavement licence is payable annually. The fee varies between local authorities. Importantly, it is not set by central government and depends upon the number of tables and chairs required, and the hours you want them outside for. It is required to be renewed on the annual fee due date. However, it will not start until pubs are allowed to reopen again. Here, local authorities are in a position to suspend the due amount for the period that pubs and bars have had to close for. Based on how long closure has been enforced, this period can be added onto the end of the 12-month period for the licence. Alternatively, the annual fee can be reduced. This has already been made possible through the Business and Planning Act 2020<sup>79</sup>, which allows local authorities to grant pavement licences within two weeks for a reduced fee of £100. However, this is only in place until September 2021. In order to provide sustained support for the pub sector during its recovery, central government should extend this by a year.

The late-night levy is governed by the Police Reform and Social Responsibility Act 2011<sup>80</sup>, and currently there are only a handful of local authorities who have introduced the fee. Chief amongst them include Newcastle, Southampton, Liverpool, Islington, and Camden. The full fee can range from £299 to £4,500 and is split between the local authority (30 percent) and local police force (70 percent). For those who have adopted it, the fee is charged to every premise within the area that serves alcohol beyond midnight. This is true regardless of how many nights in the year alcohol is being sold beyond midnight. A number of local authorities have called on the government for the freedom to waive or reduce the fee in light of restrictions on pubs such as the 10pm curfew<sup>81</sup>. In light of closures and heavy restrictions on the night-time economy over the last year, this would make sense as a minimum. Beyond this, it may also be prudent to suspend charging the licence for a period as the night-time economy unlocks throughout the year.

### Planning policy

Within the planning framework, pubs are classified as 'community facilities'. This is something that local planning authorities are keen to preserve and is promoted in the National Planning Policy Framework as needing to be retained. The policy to retain pubs as community facilities means that up to 18 months of marketing evidence is required to prove that the use of the site as a public house is not viable in order to change its use<sup>82</sup>. This was further bolstered in 2017 when councils were given power to protect pubs through the planning system in order to protect the night-time economy. In light of large-scale closure of pubs, the government amended the Neighbourhood Planning Act 2017 to allow changes in legislation that removed permitted development rights in relation to the conversion of 'drinking establishments'<sup>83</sup>. More recently, planning rules were relaxed in the initial weeks of the first lockdown in March 2020 to allow pubs to operate as hot food takeaways for 12 months<sup>84</sup>.

80 Home Office (2011) – Late Night Levy

81 Morning Advertiser (2020) – Council calls on government for power over late night levy

82 Plainview (2020) – Planning for pubs – development and change of use

83 FirstPlan (2017) – New Planning Rules for Pubs

84 LB Hammersmith & Fulham (2020) – Changes in planning rules to allow pubs and restaurants to operate as hot food takeaways



### Business support

As well as the formal role of licensing venues, local authority licensing teams also fulfil a crucial business support function. As the interface between the hospitality sector and the state at the local level for many publicans, particularly those running small businesses with limited capacity to obtain formal legal and regulatory advice, the local authority has been a key resource throughout the pandemic. As section one of this report detailed, the regulations and restrictions to trade brought about by the pandemic have been fast-evolving, at times contradictory and often confusing. Local authority licensing teams up and down the country responded to this by rapidly issuing clarifying information and in some cases producing and distributing informational material on how the restrictions would work out in place. As the government looks to implement its roadmap to recovery, making use of the knowledge and networks of these teams can help ensure clarity for business as well as to flag potential areas or types of business that might need further support. For example, issuing central government grants to pubs in 'left behind' towns or areas of significant rurality could be achieved through the local licensing team.

## CHAPTER THREE

# Pubs and Society



### 3.1 The social value of pubs

#### Social infrastructure

Social infrastructure is something often spoken about with a broad working definition. However, in general terms, it can be viewed as facilities that support social services. Perhaps more specifically, it covers a range of 'services and facilities that meet local and strategic needs and contribute towards a good quality of life'<sup>85</sup>. Its remit is all-encompassing and includes areas covering health, education and community to name a few. Taken in this light, places such as pubs, village halls, and even bingo halls are key social infrastructure that contribute to the fabric of community life. These places hold large social and civic value as areas where people can come together and make social connections through routine activity. It is through the routine everyday microprocesses, facilitated by assets such as pubs, that allow communal bonds to be built through trust and strengthen the overall sense of community. It is the small-scale connections that are created by people who share a common interest that builds up civic life. Pubs and other third spaces are key to facilitating this.

Therefore, pubs as physical assets often act as centres of community life and assume the role of being social anchors that bind people together. As Localis previously argued in *Local Delivery*, 'individually or collectively, these assets are hubs providing vital social infrastructure to support their local communities'<sup>86</sup>. Something that has occurred with increased frequency in light of the pandemic is how a number of communities have started to take it upon themselves to protect valued local social infrastructure. With regard to pubs, this can be seen through the emergence of the community ownership of pubs occurring across the country. Highlighting the threat to community cohesion in the absence of social infrastructure, a report on the early impact of COVID-19 on 'left behind' neighbourhoods<sup>87</sup> shows how areas lacking places for social interaction had lower levels of mutual aid activity occurring than the UK average. This results in left behind communities that are less able to withstand shock and organise themselves when facing local socio-economic challenges. In this context, the threat posed to pubs by the pandemic not only affects the industry itself but poses huge risks for the strength of this nation's communities.

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85 Mayor of London (2017) – Draft London Plan 2017

86 Localis (2020) – Local Delivery

87 Left Behind Neighbourhoods APPG (2020) – Communities at risk: the early impact of COVID-19 on 'left behind' neighbourhoods



## Pubs and property

Pubs hold an enormous amount of social value for communities. They are a core element of social infrastructure in place. Owing to the different ways this manifests, it is hard to ascertain the economic value they add to place or take away when they close. However, a recent study by Cabras et al (2020)<sup>88</sup> explored using house prices as a standard of economic value in order to understand the effect of their presence or closure in communities. The access to, and proximity of, local amenities plays a big role in house buying decisions. Given this, the authors' hypothesis is that the presence and access to pubs may have a positive impact on house prices. Particularly, they aim to understand the correlation between the changing number of pubs to house prices in urban, suburban, and rural areas. In order to analyse this, the research 'investigates the relationship between changes in the number of pubs and house prices between 2005 to 2015, using an original panel dataset, comprising information on facilities available for 373 local authorities'<sup>89</sup>.

The case of the Lyvennet Community Trust in the village of Crosby Ravensworth is given to illustrate this point. LCT is a Community Land Trust aimed to promote any cause that benefits the local area. One of the issues LCT is concerned with is the provision of affordable housing for those in the community and those wanting to move in. The imminent closure of the only local pub, The Butchers Arms, in 2009 raised fear that the attractiveness of the area as a place to live would fall. Building on this was fear that the pub's closure would halt the construction of 20 houses the following year. To avoid this, the LCT campaigned for a community-led cooperative to save the pub. According to one LCT member, saving the pub was a necessary step in fulfilling the trust's overarching goal of 'building houses and selling them to local people'. In the urban context, the authors point to research that suggests 'property prices tend to be higher in areas with a selection of pubs ... with having as many as ten pubs per square kilometre boosting property price by 2.8%'<sup>90</sup>. Conversely, living too close to pubs might have negative effects on house prices owing to the possibility of noise and other anti-social behaviour.

The results of the dataset analysis<sup>91</sup> showed three important results. Firstly, rural local authorities experience a smaller decline of pubs when compared to urban local authorities. This is in contrast to previous literature, which reason that

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88 Cabras, I; Sohns, F; Canduela, J; and Toms, S (2020) - Public houses and house prices in Great Britain: a panel analysis

89 Ibid.

90 Ibid.

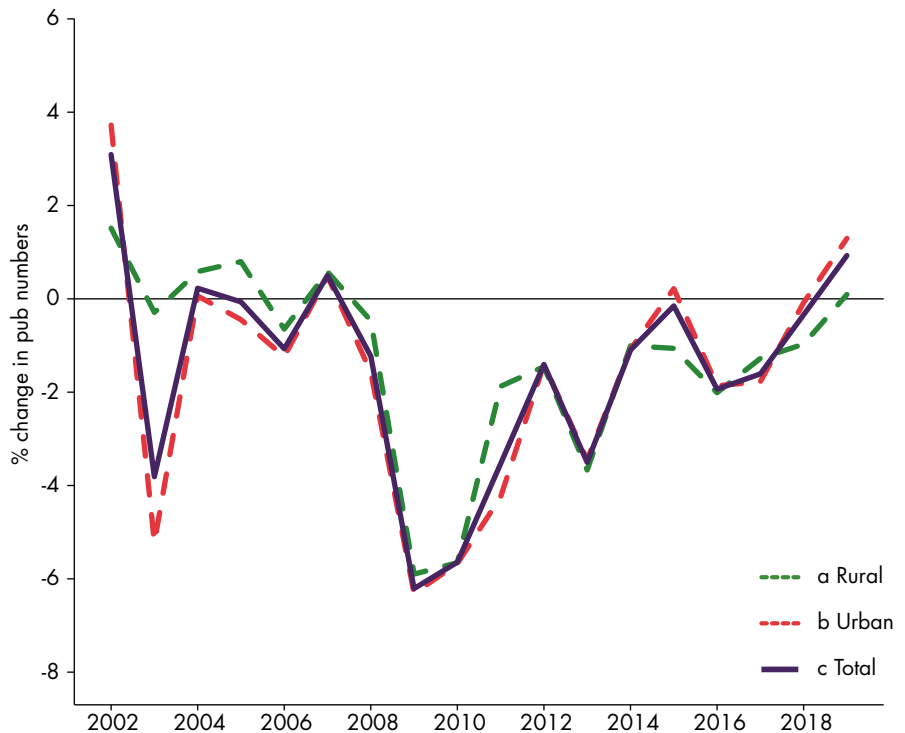
91 Ibid.

rural areas might not provide enough customer demand to financially justify the presence of a pub. However, the authors research indicated the opposite. Urban pubs face a lot more challenges owing to issues such as fierce competition between them. Secondly, the authors' econometric model analysis confirms their hypothesis of a positive relationship between the number of pubs in an area and an increase in housing price. Thirdly, the analysis seems to show that the effect of pubs on house prices is stronger in rural areas. The closure of pubs has far-reaching implications for communities beyond the financial. Taking the pub as a community anchor, its closure means the end of many community initiatives and the inability of social capital networks to flourish effectively. Particularly in rural areas, saving pubs from closure can help keep house prices stable.

### 3.2 Pubs as community anchors

**Figure 12.** Pubs in England and Wales

Year-on-year relative growth



Pubs and other civic spaces are part of the scaffolding that helps create a strong community identity. They are vital third spaces that need to be protected and grown. The role that they play as key social infrastructure in place that contribute to the fabric of civic life demonstrates their importance as community anchors. This can be seen in how the gradual decline of pubs over the last few decades has also resulted in the decline of wider community activities, especially in left behind places. Importantly, the social capital that is fostered within them allows for strong civic foundations to be built that are underpinned by values such as trust. A community that is able to build trust amongst itself is then able to give legitimacy to the next level of local civic life through having members of the same community elected to the local council. Seen in this way, the strength of local institutions that govern social and political life is dependent on the richness of civic life below.

Particularly in rural England, the pub's central role in civic life is of great importance. Pub is the Hub is a not-for-profit organisation, founded in 2001, that works to improve and diversify the community services provided by rural pubs. Built on the foundation that 'the pub should be the centre or hub of community life', the organisation 'offers advice and support to pubs who are looking to relocate, reopen, or introduce vital services'<sup>92</sup> for their area. Recognising the wider role that rural pubs play in community life, PiTH encourages local stakeholders to work together in identifying community needs and seeing how the pub can meet these. Working through regional advisors, they provide pubs with community services funding to diversify local services, community activities, and leisure facilities on offer to the local area. This can be through doubling as the village shop or offering library facilities.

PiTH have also set up their 'Join Inn – Last Orders for Loneliness'<sup>93</sup> campaign to tackle social isolation. The campaign is currently set up to give publicans ideas on how to tackle isolation issues in their community. Currently, PiTH have released a package of tips<sup>94</sup> to publicans to guide them in how to help local residents struggling with the issue. The campaign has also been set up to allow publicans to understand how residents themselves want help. Once the pandemic subsides, PiTH regional advisers will be on the ground to provide tailored support to publicans. Despite it, five pilot projects have been set up in areas including Norfolk, Cornwall, and Lincolnshire all with the aim of understanding what the main priorities are for each area in tackling loneliness. The ambition is that once lockdown ends, lessons learnt can be rolled out nationally.

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92 Pub is the Hub – About

93 Pub is the Hub (2021) - A Guide for Publicans: Make a difference to someone's day and help tackle loneliness in your community

94 A Guide for Publicans: Make a difference to someone's day and help tackle loneliness in your community

This importance of pubs as community anchors shows the need for government, both local and central, to do more in protecting these assets. In *Local Delivery*<sup>95</sup>, Localis called for more consistency across the local government sector in recognising the importance of local social infrastructure. Specifically, it should play a bigger role in fostering a network of community stakeholders where resources could be shared locally.

### Community-owned pubs

Over the last 10 years, the UK has experienced the closure of more than 8,000 pubs, with 76 disappearing per month in 2018 alone<sup>96</sup>. In this context, community ownership is increasingly seen as an important way to save local pubs from neglect and closure. A community pub is one that is owned by local people for the benefit of the community at large. The owners are 'community shareholders' and the pubs are run democratically with each shareholder having a vote on decisions. Membership and participation are voluntary and open to everyone in the community. Regarding practical business management, there is an elected committee that represents the views of wider community stakeholders and ensures that the business is run in keeping with community wants and needs. As key local hubs within a place, community pubs often act more than just a place to eat and drink. They offer services that include post offices, cafes, convenience stores, and garden allotments to name a few<sup>97</sup>. This makes them rooted in local need and core aspects of social infrastructure in place.

There has been a sharp increase in the number of community pubs emerging across the country, with 145 operating as of February 2021<sup>98</sup>. In addition to this, there are several different organisations that are actively involved in promoting the movement. The not-for-profit Plunkett Foundation has been supporting community pubs since 2016 and has been a lead national body supporting them. Facilitated by Power to Change, they have developed a network to offer support to community pubs, and those interested in setting them up, in running sustainably. It offers resources and advice on issues such as increasing social impact locally, while also serving as a platform on which to raise national awareness of the movement.

The More than a Pub business support programme<sup>99</sup>, which is gradually coming to an end in 2021, has been run by the Plunkett Foundation and funded by Power

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95 Localis (2020) - Local Delivery: Protecting social infrastructure

96 Plunkett Foundation – More than a Pub - Applicant Guidance

97 Plunkett Foundation (2020) – Community Pubs: A better form of business

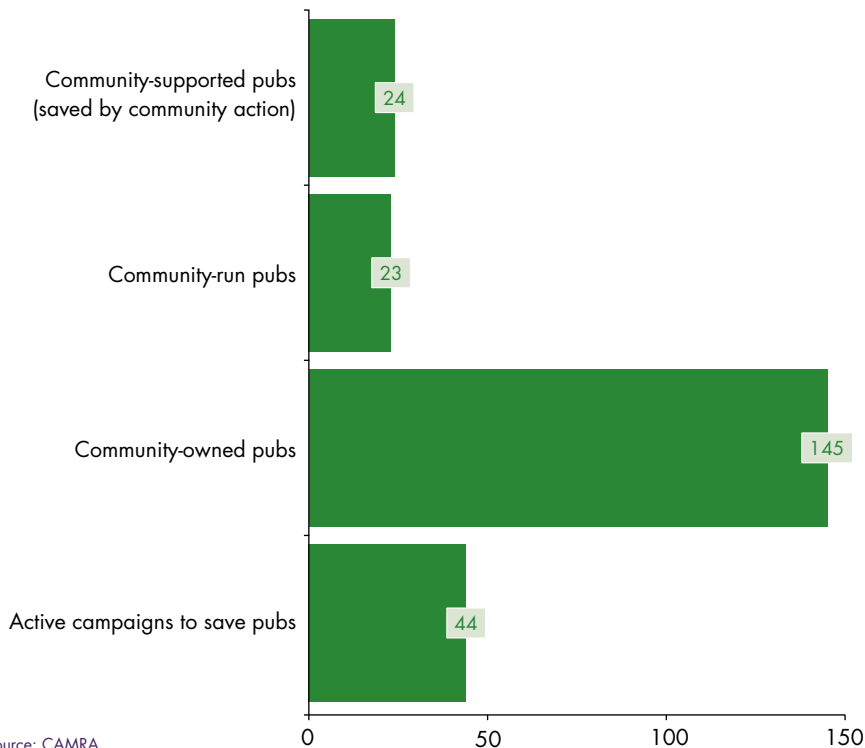
98 CAMRA Live Tracker

99 Plunkett Foundation (2020) - Community Pubs: A better form of business



to Change and MHCLG, to support groups at all stages of their community pub ownership journey. The programme has been seeking to work with a range of groups that represent their local community and want to take over their local pub to run it as a community asset. The programme has allowed structured guidance for interested groups including in areas such as unpicking legislation or negotiating a fixed purchase price with a seller. Specific 'More than a Pub' activities include having after school clubs, councillor surgeries, choirs, NHS health checks, community transport schemes and many more. PiTH also sit on the board of the More than a Pub support programme. In addition to this, they help newly acquired community pubs in diversifying the services offered for the local area.

**Figure 13.** Community Pubs in Britain



Source: CAMRA

Of course, the role of the state in providing a conducive fiscal and regulatory environment in which local pubs can be viable businesses, which has been lacking in recent decades, does not disappear because a pub falls into community ownership. Over the last decade, the movement has grown steadily. While it remains a relatively small sector, its growth has been aided by a number of factors

including: the ability for communities to register pubs as Assets of Community Value through the Localism Act 2011, the More than a Pub programme, and an increase in institutional investment. Regarding their regional distribution, 51 percent of pubs are in the South East and East of England (including London), and the rest scattered across the rest of the country and Wales. Scotland has only 3, while none exist in Northern Ireland<sup>100</sup>. Owing to the fact that the business model is still young, it is not possible to gain a year-on-year picture. However, operating under normal circumstances, it has been stated that these businesses can expect to have a £100,000 a year turnover<sup>101</sup>.

### Considerations for Community Ownership

There are a number of factors to take into consideration when looking at the community-owned model. The cost of running them should not be underestimated. A lack of adequate funding can pose further challenges, with a 'dawn to dusk'<sup>102</sup> operation being run to get as much value as possible in order to sustain itself. A further issue raised in interviews relates to possible exclusionary aspects of running the pub. The possibility of it being managed by a select few might lead to the exclusion of other members of the wider community, going against the initial purpose of pubs as being 'warm and welcoming to everybody'<sup>103</sup>. In the context of the pandemic, another area to consider is with regards to the drop in value that community-owned pubs would have faced over the last year. A pub is valued on its turnover and profit through the Fair Maintainable Trade<sup>104</sup> over a period of three years. This compounds the challenges facing the recovery of pubs, particularly those that have been taken under community ownership, because of the possibility that some have lost a third of their value. This is something that would ultimately come back to impact the community, especially for those who bought shares in the pub.

### Pubs and social capital

Community-owned pubs can be seen as a form of community-based enterprises (CBE) that help local civic groups engage in projects of socio-economic development of their localities. Sforzi et al (2020)<sup>105</sup> highlight COPs as an innovative new form of

100 CAMRA Live Tracker

101 Interview response

102 Interview response

103 Interview response

104 Albert Goodman (2018) - The Fair Maintainable Trade

105 Sforzi, J and Bianchi, M (2020) Fostering social capital: the case of community owned pubs

CBE in the UK context, especially as ‘the loss of pubs can compromise local socio-economic conditions, particularly because many [community] initiatives, which aim to strengthen social bonds ... have their origin inside the pub’. While a lot of the existing research on the issue focuses on rural areas, Sforzi et al (2020)<sup>106</sup> focus on the formation of COPs in the urban context and the role that social capital plays in this. The authors’ hypothesis maintains that COPs originate from collective community efforts. Particularly, these efforts take advantage of ‘bonding social capital’. The resulting civic engagement with the COP sees them fostering social inclusion and collaboration amongst neighbourhood participants in the project through ‘bridging social capital’.

COPs fit well within the definition of CBE’s as ‘organisations where the community acts both as an entrepreneur and as an enterprise, to pursue multiple goals and activities that are capable of satisfying local needs and demands, and where the social foundation lies in the community’<sup>107</sup>. The pub has an important role in local communities as ‘third places’, acting as ‘physical places for people to congregate and join together’<sup>108</sup>. Moreover, ‘third places ... facilitate the accumulation of social capital within the communities they serve’<sup>109</sup>. The community ownership movement has arisen out of the shared desire to preserve pubs as local anchors that bind people together.

Sforzi et al (2020)<sup>110</sup> define social capital in terms of networks amongst people of a particular area to generate positive change in their surroundings. Specifically, the bonding social capital mechanism is defined as ‘exclusive’ and being able to ‘spread a high level of trust within the network’, pointing out that this type of capital can help close groups achieve their goals more effectively. On the other hand, bridging social capital is defined as ‘inclusive’ contributing to the ‘circulation of information and new knowledge amongst the local community’.

This is important in the context of pubs due to the fact that they are recognised as vital social institutions that promote interaction between different people on the local level, and where ‘existing social relationships could be cultivated, and new ones created’. They are the perfect setting for a CBE and galvanising community power, both in the process of taking ownership of them, but also in working for local needs once they have been taken under community ownership. It should be noted, however, that the movement exists in the context of struggling and failing high street businesses which should in the first instance be supported to survive by government.

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106 Ibid.

107 Ibid.

108 Cabras, I; Sohns, F; Canduela, J; and Toms, S (2020) - Public houses and house prices in Great Britain: a panel analysis

109 Ibid.

110 Sforzi, J and Bianchi, M (2020) Fostering social capital: the case of community owned pubs



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CHAPTER FOUR

# Recommendations

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## Recommendations

The research undertaken for this report indicates the need for policy recommendations, for the short, medium and longer term.

In the short-term:

- it is vital that the roadmap is not allowed to slip back further for pubs and that the commitment to end all trading restrictions by June 21<sup>st</sup> must be delivered to return pubs to viable trading.
- To support pubs through the roadmap and into reopening, the Business and Planning Act 2020 should be extended to facilitate greater use of outdoor space and takeaway services and the late-night levy suspended.
- Local government should issue licence fee refunds for the six months to June 2021, funded by central government.

Following reopening, some extra, medium-term measures may be needed to help place the pub sector at the foundations of a strong recovery, support local economies and shore up community resilience.

Government should consider:

- In some areas, extra support is required to keep the sector afloat and in place, ensuring that the pub sector can be central to the levelling up mission and the restoration of high streets.
  - In particularly at-risk areas, such as those 'left-behind places' like coastal towns or recipients of the Shared Prosperity Fund, top-up grants should be issued to the hospitality sector in 2022 to shore-up resilience and help raise the baseline of the industry in place.
- Where pubs have been utilised for new community purposes during the pandemic, a diversification grant to pubs looking to retain or expand the services they provided during lockdown.

Looking ahead to the longer-term, as we move into the recovery phase, central government should support the pub sector through reducing the tax burden on the sector to aid this recovery and build resilience.

Government should consider:

- Working with the sector to deliver a long-term and sustainable solution to business rates reform beyond the end of the rates holiday period.
- Reviewing the impact of temporary VAT cut for hospitality this year with a view to a permanent reduced rate for all food and drink sales in pubs
- Committing to a further reduction in beer duty following the duty freeze. This would help pubs and breweries in the long term, while at the same time generating the income required to lower the national debt accrued over the lockdown period and help in delivering levelling up.



**Localis**

Vox Studios, V.311  
1-45 Durham St  
London, SE11 5JH

0870 448 1530  
info@localis.org.uk

**localis.org.uk**

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