

Co-operative **PUBS** 2014

A Better Form of Business



Co-operative pub sector

22

co-operative pubs trading
at the end of 2013

64%

growth in number of
co-operative pubs in
2013 alone

4,000

people can say they own
their village pub

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Introduction

Welcome to the first ever report on the state of the co-operative pubs sector in the UK. The purpose of this work is to better understand this rapidly growing and high profile movement.

At the Plunkett Foundation we have a long history of wanting to understand how different forms of co-operatives work in order to better support them and promote great ideas more widely. This report, and the survey contained within it, is the latest example.

The survey presents a snap shot of the new and rapidly developing co-operative pubs sector. Plunkett therefore plans to undertake this survey at least every two years to monitor how co-operative pubs change and develop over time.

About the Plunkett Foundation

The Plunkett Foundation helps predominantly rural communities to set up and run a range of successful co-operatives and has been doing this for 95 years.

We are best known for our support to help communities save their local shop and pub and supporting a wide range of community-led food and farming enterprises. We operate a Co-operative Pubs Advice Line for rural and urban communities, supported by the Department for Communities and Local Government.

We also work to make it easier for communities to set up and run a range of co-operatives. We do this by working with policy-makers, politicians, funders and support organisations.

www.plunkett.co.uk | www.pubs.co.uk

About co-operative pubs

Co-operative pubs are those which are owned and controlled predominantly by members of the local community or those with local connections. They are democratically governed on the basis of one member, one vote. This is a proven and effective way of running a community-owned enterprise in an area of mixed income levels. They have open and voluntary membership so anyone who moves to the local community can choose to get involved.

Co-operative pubs tend to be run by full-time managers or tenants with the support of members who volunteer. They exist predominantly in rural areas but there are a growing number in urban areas too.

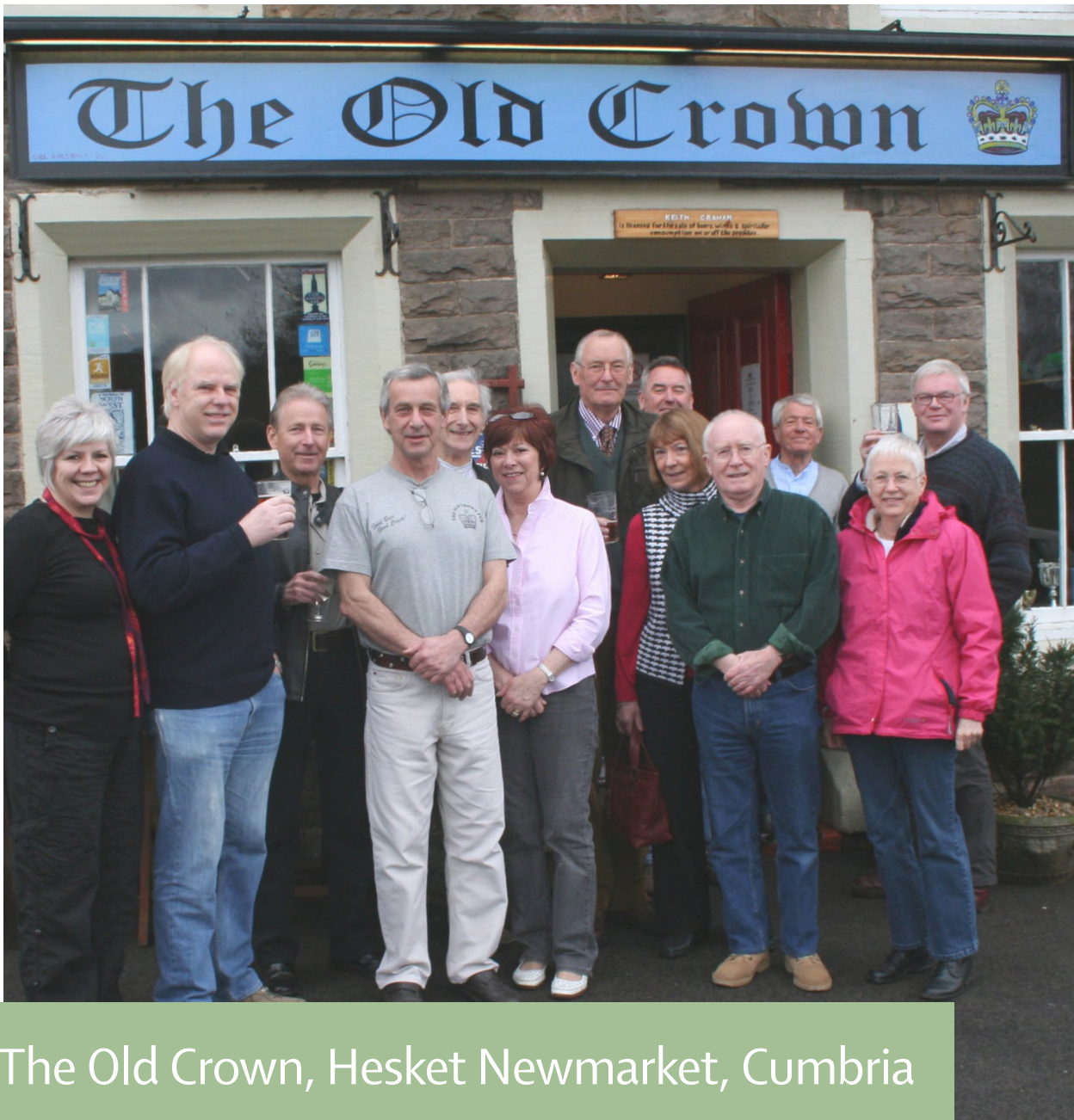
Co-operative pubs in 2013

2013 was a breakthrough year for pubs in the UK that are owned and run as co-operatives. After a few years of steady progress, in 2013 we saw a significant jump in the number of co-operative pubs opening. During the year, Plunkett also received a rapid increase in the number of communities looking to set up a co-operative pub.

The key reasons for this change have been:

- Growing awareness and increased confidence that communities can take over and run pubs.
- Continually high closure rates of pubs that matter to local people.
- The development of innovative ways of funding purchases, particularly through community shares.
- New powers available to communities in England, particularly the ability to register Assets of Community Value.
- Improving the support that is available, particularly through Plunkett's Co-operative Pubs Advice Line and the wider Frontline Service, the Department for Communities and Local Government's Community Ownership and Management of Assets Programme in England, and the specialist support available through the UK wide Co-operative Enterprise Hub.

If the trend in requests for support from communities continues at the same or greater rate as at the end of 2013, in 2014 co-operative pub enquiries could considerably outnumber enquiries from communities looking to save their local shop. Considering that the community-owned shops model is well known and understood - with 309 trading in the UK - this is a significant achievement in a short period of time.



The Old Crown, Hesketh Newmarket, Cumbria

Open since: August 2003
151 members

The Old Crown located in the northern tip of the Lake District National Park is the pioneering co-operative pub that has inspired a whole movement. The pub has now been open and trading as a community-owned business for ten years. The idea came from the approach they had a few years before which they used to buy the brewery that was attached to the pub. Assisted by local co-operative developer Dave Hollings, the pub raised money from the local community to purchase the pub. The pub now proudly serves Hesketh Newmarket Brewery Co-operative beer and continues to serve the curries that the pub was legendary for.

www.theoldcrownpub.co.uk

A brief history of co-operative pubs

Communities running drinking establishments is not a new phenomenon. For decades working men's clubs and sports and social clubs have been run as member-owned entities.

The movement of communities owning and running pubs as community co-operatives dates back over 25 years, with the first of its kind, Tafarn y Fic in Llithfaen, opening in 1988.

The most important development in the short history of co-operative pubs was the opening of The Old Crown in Hesketh Newmarket, Cumbria which celebrated its 10th anniversary in 2013. The Old Crown is the equivalent of the Rochdale Pioneers to the development of consumer-owned retail co-operatives. The Old Crown has inspired many others and the warmth and generosity, in particular of their Chair, Julian Ross, was instrumental in developing many of the co-operative pub pioneers.



It is also important to mention the significant contribution of Dave Hollings, a co-operative development expert based in the north-west who was instrumental in supporting The Old Crown alongside others and continues to provide expert advice to a number of communities.

In 2010, in the final few months of the previous Government, support for a Community Owned Pubs Support Programme was announced as part of a package of support for the pub sector.

This programme was subsequently cancelled which led to Plunkett calling a Co-operative Pubs Summit at the Old Crown in October 2010. This meeting was attended by Plunkett, Dave Hollings of Co-operative & Mutual Solutions Ltd, the Co-operative Enterprise Hub, Co-operatives UK and CAMRA. These are organisations and individuals that have played a leading role in supporting the development of the co-operative pub sector in different ways. The purpose of the meeting was to find a way forward after the support programme was cancelled.



In England, an important step was the recognition by the current Government that it needs to be easier for communities to save their local pub. The Community Right to Bid power through the Localism Act gave communities the opportunity to register their pub as an Asset of Community Value which buys communities' time, six months in total, to respond to the threat of losing their pub. The first pub listed as an asset in England was The Ivy House in Nunhead, London. This has since gone on to reopen as a co-operative pub. To date over 350 pubs have been registered as Assets of Community Value, far more than any other type of asset.

Alongside the power, the Government has funded a Community Ownership and Management of Assets Programme which includes grants of various levels. Crucially,

it also allows organisations like Plunkett to work with a small number of communities to provide a range of support such as help with a business plan, setting up a legal structure or undertaking a community share issue.

In March 2013 Plunkett launched a Co-operative Pubs Advice Line at the Green Man co-operative pub in Toppesfield, Essex, with support from the Department for Communities and Local Government. Since then, Plunkett has received over 140 enquiries from different communities, not counting repeat calls after the initial contact; this

amounts to over two and a half times the number of enquiries anticipated during the period.

A significant number of communities are now at an advanced stage of setting up a co-operative pub, some after years of hard work. We expect 2014 to be another record year for new co-operative pubs but there is still some way to go for this movement to reach its full potential.

Communities
turning to
co-operative ownership
have collectively saved
4,000 years of local
pub history



The Green Man, Toppesfield, Essex

Open since: December 2012
156 members

Over ten years ago, the community of Toppesfield came forward to save their local shop. Ten years later, when their community was faced with losing The Green Man, the community again came together, formed a co-operative and purchased their local pub.

www.thegreenmantoppesfield.co.uk

The survey was conducted by Plunkett Foundation staff in December 2013 and is based on information provided by 21 of the 22 co-operative pubs open and trading across the UK at the end of 2013. The majority of the information was collected through a structured telephone survey with appointed representatives of co-operatives with supplementary financial information obtained from the Financial Conduct Authority. The wider report and conclusions drawn have been informed by the information collected in the survey alongside our wider work, and that of others, to support communities to successfully set-up and run community run co-operative pubs.

Survey findings

- People care enormously about their local pubs. To save them they are willing to invest their money, time, skills and energy.
- The co-operative pubs sector is young and still developing. Therefore a range of different approaches are being used rather than one dominant approach.
- It is becoming increasingly common for co-operative pubs to provide wider community services such as shops, library facilities, allotments and much more. Therefore communities are turning pubs into what their community needs and, through doing this, are addressing a wide range of issues important to their communities.
- Financing the development of co-operative pubs, particularly outright purchases, is a significant challenge and set up costs including purchase/lease and refurbishment vary significantly.
- A funding mix is common with community shares playing an important role. Rarely will a community share issue fund the entire purchase so grant-funding and the availability of loans through community development finance institutions is of significant importance.
- Co-operative pubs have widespread membership with a large pool of people to draw on for support and custom.
- The time taken to save and reopen a pub as a co-operative is on average ten months; four months longer than the protected period provided by the Assets of Community Value legislation through the Localism Act in England.
- Co-operative pubs are starting to spread further across the UK, with a high number of co-operative pubs under development particularly in the South West of England, South East of England and East of England, broadening out from the initial growth seen in Cumbria, Yorkshire, North Wales and Essex.
- They are proving resilient; to date no co-operatively run pub has closed.
- The financial performance of co-operative pubs is unclear due partially to tenancy arrangements and partially to so many co-operative pubs being so new. They do appear to be resilient and trading profitably.

Despite these clear signs of progress, this survey has highlighted a range of issues that face communities looking to save their local pub. Until progress is made with some or all of these issues, the number of communities saving their local will not hit its full potential. The key issues identified are:

- The time required to save a pub is significant, 10 months on average, and commonly longer than the 'protected period' available to communities in England when registering Assets of Community Value.
- The level of capital required to purchase, or take on a long lease, is significant, particularly when land values and the potential for alternative development is high.
- Planning issues are major concerns, particularly as pubs are very often more valuable when developed into homes or converted into supermarkets. There is the need to consider a separate planning asset class for pubs to deter speculative purchases by developers.

- While the Asset of Community Value powers are an important step in the right direction, this survey suggests that the powers need to be strengthened in order to achieve their ultimate objective – to help make it easier for communities to save their local pub. A listing could, for example, remove permitted development rights.
- The need for supportive local councils willing to take risks. Councils have a range of tools at their disposal but fears about compensation prevent them using powers such as Article 4 Directions to remove permitted development rights and Compulsory Purchase Orders.
- Unlike community-owned shops where 60% are based in premises other than the original shop, co-operative pubs are as much about saving the asset as the services that the pub provides. Therefore there are fewer options for using alternative premises.

Conclusions and recommendations

The co-operative pub sector grew rapidly during 2013 and we anticipate that interest from communities wanting to save their pub will increase. The resilience of co-operative pubs is also proving strong, meaning that any external support, alongside community efforts, has long-term benefits.

Recent progress has been significant and this has been due to a range of individual actions by Plunkett, other support providers, government interventions and rising interest from the media.

There is, however, a significant risk that this progress could stall without resources for a dedicated programme to support the growing demand from communities looking to save their local pub. This support needs to include enterprise support, community development assistance and access to the finance required. It also needs to be able to service the demand from communities, rather than operating on the basis of a competitive some win, some lose.

For policy makers:

- To contribute towards a **comprehensive support programme** that puts in place the full range of support needed to help communities to save their local pub.
- To **encourage and support the use of Community Shares** as part of a broad funding mix.
- In England, policy makers should consider **strengthening the Community Right to Bid powers** under the Localism Act. We recommend:
 - » **Increasing the protected period** to a minimum of 10 months.
 - » Support campaigns to promote the proactive use of **Asset of Community Value** listings to ensure that such listings move from predominantly a tool to fight fires to one that allows communities to plan ahead.
 - » Consider the potential for **Assets of Community Value** nominations to trigger a suspension in permitted development rights.
 - » Remove loopholes such as the **ability for pubs sold** as a going concern to bypass the powers.
 - » Remove the ability for powers like **Universal Notices** which may pre-date **Asset of Community Value** nominations to render the power useless.
 - » Encourage local authorities to **speed up the nomination process**, particularly when a pub is under threat.

- In Wales, for the Welsh Government to consider **enacting relevant powers under the Localism Act** to enable communities to register Assets of Community Value.
- In Scotland, for the Scottish Government to use the **Community Empowerment (Scotland) Bill** to help provide communities that want to take on their local pub with greater powers.
- Consider a **separate planning asset class** for pubs to prevent them from being converted into supermarkets, offices and restaurants without planning permission.
- Strengthen the planning system to ensure speculative developers are less able to close viable pubs that are key community assets, for personal gain.
- Promote best practice of **'pro-pub' policies** adopted by local authorities.
- Encourage councils to help communities by using powers already available to them like **Article 4 Directions** to remove permitted development rights and **Compulsory Purchase Orders** by providing a compensation fund that councils can use should they be subject to significant compensation claims.
- To consider how the **Enterprise Investment Scheme, Seed Enterprise Investment Scheme** and the more recent **Social Investment Tax Relief** are consistently able to support communities seeking to **save their local pub**.

For funders:

- To provide a **comprehensive package of support** available to communities looking to save their local pub.
- Community Development Finance Institutions to continue lending to more co-operative pubs, **particularly between £20,000 to £50,000** that can often be a serviceable loan, should other methods of raising capital leave a gap in finance.

The Ivy House, Nunhead, London

Open since: August 2013
371 members

The Ivy House pub was the first asset of any kind to be registered as an Asset of Community Value under the Localism Act in England. It also became the first community group to use the powers to provide the time to purchase the pub which has excellent architectural features and a history as a live music venue. The Ivy House is the first co-operative pub in London.

www.ivyhusenunhead.com



The Seven Stars, Marsh Baldon, Oxfordshire

Open since: March 2013
151 members

Marsh Baldon's only pub closed for the third time in four years in 2012. Becoming fearful for the future of the pub, in early 2013 the community decided to purchase it after registering the pub as an Asset of Community Value. They went about setting up a community co-operative and undertaking a community share issue. The pub reopened in 2013 and is again thriving.

www.sevenstarsonthegreen.co.uk



Rate of growth

According to CAMRA there were on average 28 pub closures a week in the UK between April and December 2013. Over the same period Plunkett received enquiries from 93 co-operative pub groups and saw 7 pubs open their doors and begin to trade under co-operative ownership. During 2013 Plunkett received a total of 132 enquiries from communities looking at co-operative pub ownership. Co-operative pubs were the most enquired about enterprise type.

Although a lag in time between pubs closing and subsequently reopening with the co-operative legal structure is expected, the ratio between the number of pubs closing and the number of pubs successfully turning to co-operative ownership is not as predicted. This may be due to a decrease in available grant-funding, communities finding it harder to raise large amounts of finance through community shares and not enough dedicated support. Although there has been significant progress recently, there needs to be an increase in enterprise support, community development assistance and access to finance, in order to fulfil the increased demand from communities looking to save their local pub.

More and more communities, both rural and urban, are turning to co-operative ownership when the future of their local pub is threatened. The number of co-operative pubs trading in the UK has grown considerably in the last 5 years from 2 pubs known to exist previous to 2009 to 22 trading at the end of 2013. This increase is likely to be due to a large number of local pub closures and an increase in communities' confidence that co-operative ownership is a viable alternative.

Although co-operative pub ownership is still a relatively new area, and the figures are not at the same scale as with other community co-operative enterprise types such as community shops, it has been an extremely encouraging 12 months.

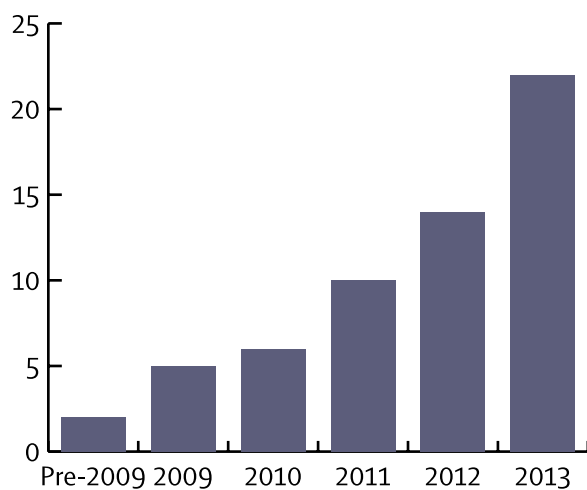
2013 was a landmark year within the sector and saw the number of co-operative pub openings double from 4 opening in 2012 to 8 opening in 2013.

The average time it takes for a co-operative pub project to progress from the initial ideas stage of running the pub co-operatively to the initial date of trading is 10 months. Registering a pub as an asset of community value under the Community Right to Bid scheme allows 6 months for the community to develop a bid and buy the pub. This means there is a discretionary period of 4 months between the end of the period the pub is protected under the Community Right to Bid scheme and the average time it takes, from initial ideas to the opening of the co-operative pub.

With half of the co-operative pub projects taking less than 6 months and some taking up to 24 months to establish, it is clear that some communities are facing more barriers than others. For pubs that began trading as co-operative pubs in 2013 the average time taken from the initial threat of closure to setting up a legal structure was 6 months. However, the average time taken for co-operative pubs that opened before 2013 to set up a legal structure was 8 months. This shows that support from Plunkett is working to help communities to progress more quickly with their projects.

Co-operative pubs create a democratic way of running a community business and are set up on a 'one member, one vote' basis. Co-operative pubs aim to be profitable, they can distribute profits to members, reinvest back into the running of the business, or distribute it back to the community.

Total number of co-operative pubs trading by year



Co-operative pub openings by year



The Anglers Rest, Bamford, Derbyshire

Open since: November 2013
340 members

The Anglers Rest is the first co-operative pub in Derbyshire. Local people from Bamford were the first community members to use the Co-operative Pubs Advice Line throughout to save their local. Having recently reopened as a co-operative pub owned by 300 members, the Anglers Rest now includes a café and reopened post office service reclaiming the pub's role at the heart of this community.

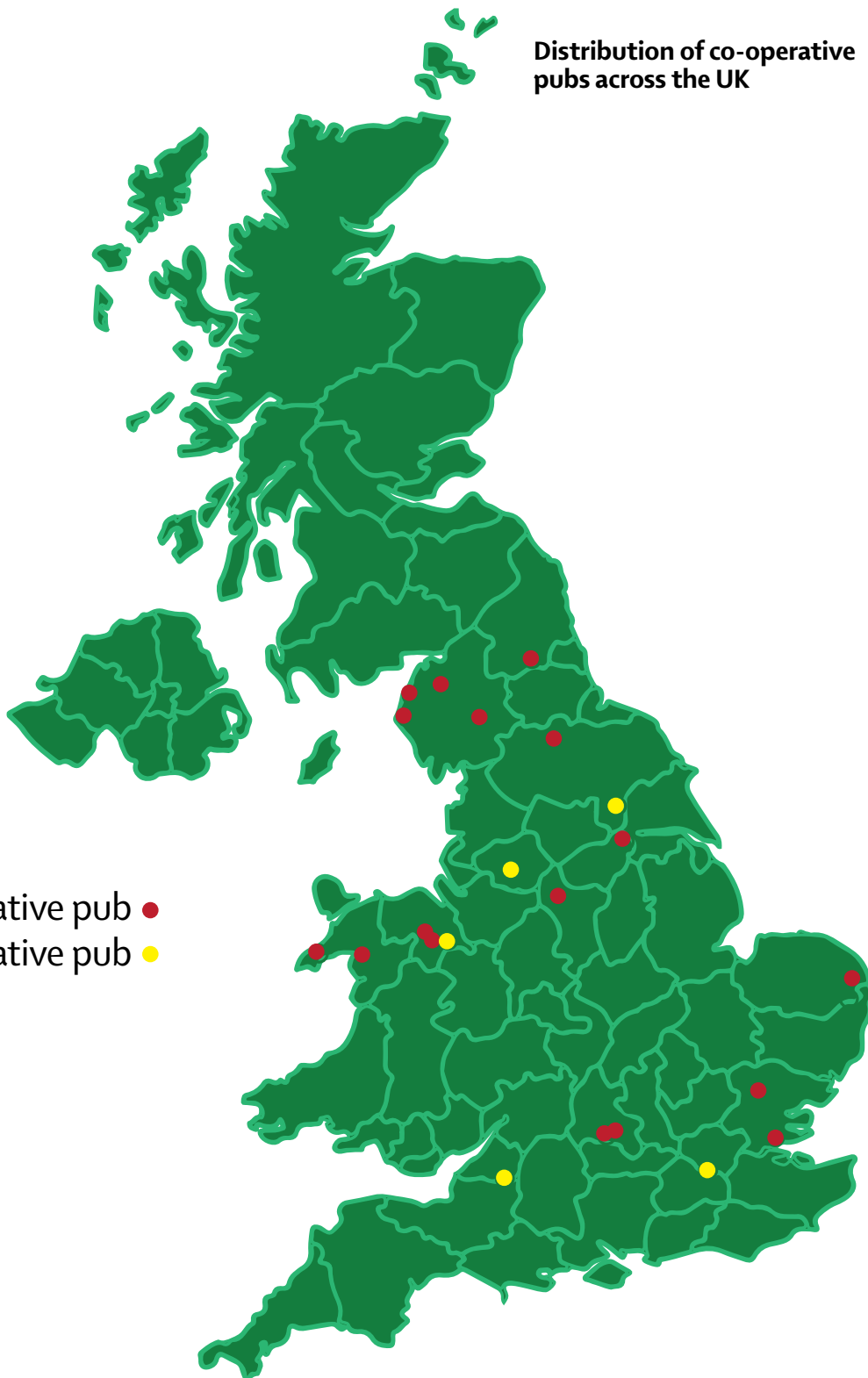
anglers.bamford.coop

Geographical spread



Distribution of co-operative pubs across the UK

Rural co-operative pub ●
Urban co-operative pub ●



There is a cluster of co-operative pubs trading in northern Wales and the north west of England. Clustering of enterprises is consistent across other enterprise types in the sector and is what we would expect. A pioneering example of a community saving their local pub through co-operative ownership, such as the Old Crown in Cumbria, provides an example of a successful alternative solution, which in turn inspires communities within the surrounding area that are in a similar situation, to save their local pub from closing forever. Communities are inspired by successful projects near to them and are able to visit and communicate with these projects to gain useful knowledge and advice about setting up.

Interestingly, more co-operative pubs are trading in Wales and the North West than elsewhere in the UK but the pipeline is strongest in the South East, South West and East of England.

Region	Number of pubs trading	Number of pub projects in pipeline
Wales	5	9
North West	5	6
South East	3	37
East England	3	26
Yorkshire & Humber	3	10
South West	1	36
East Midlands	1	7
North East	1	4
Scotland	0	6
West Midlands	0	11
Northern Ireland	0	0
Total	22	152

Resilience

To date there have been no co-operative pub closures in the UK, therefore maintaining a survival rate of 100%. Although this figure for the survival rate of co-operative pubs is based on a smaller pool of enterprises than that of community shops, the resilience of community ownership is mirrored across the sector with community shops indicating a survival rate of 96%. This compares extremely positively with estimations for UK businesses which have an estimated 5 year survival rate of 45% (Office for National Statistics).

So far there have been no co-operative pub closures

The George and Dragon, Hudswell, Yorkshire

Open since: June 2010
207 members

The George and Dragon is the first co-operative pub in Yorkshire. Like other communities, the pub plays an important role in the local tourist trade. The pub closure in 2008 was a huge blow for the community. When by mid-2009 the pub still remained unsold, 150 members of the local community formed a co-operative to save it. When saving the pub, the community also managed to save their local shop, now based in part of the pub building and run by volunteers. In addition, it now has a library service which the council provides and the pub manages.

www.georgeanddragonhudswell.com

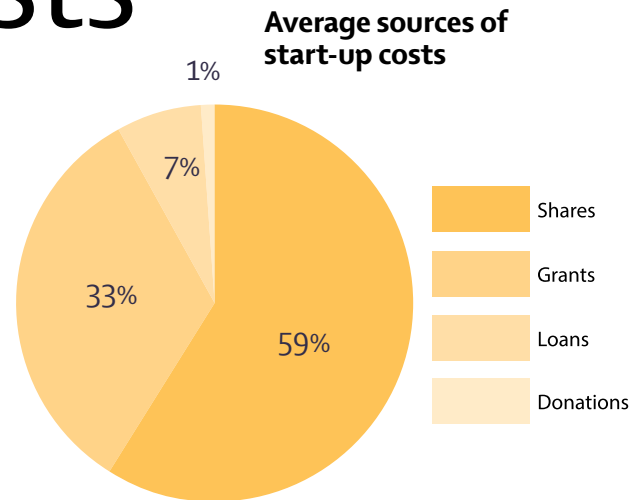


Start-up costs

The cost involved in starting up a co-operative pub depends on a number of factors, including the cost of the building, the level of refurbishment required, staff costs and accountancy fees.

The amount required to purchase pub buildings ranged from £28,000 to £925,000 with an average amount of £209,000 for rural co-operative pubs and £408,000 for urban. Over two thirds of co-operative pubs have spent funds on refurbishment, ranging from £500 to £135,000.

Plunkett encourages communities to consider a combination of funding mechanisms including; donations, grants, loans and shares. Co-operative pubs are becoming increasingly reliant on raising finance through share issue because, although still an important financial mechanism, grant-funding is becoming more difficult to source.



Grant-funding

Grant-funding is a traditional source of fundraising and often makes a substantial contribution to the project. Grant-funding, however, is becoming increasingly difficult to source, and involves a competitive process. Only a third of co-operative pubs mentioned that they received grant-funding to help with start-up costs. Grants were received from a variety of funders including private and public funding bodies and the levels of grant ranged from £2,600 to £100,000.

holding is important when issuing community shares. The management committee must consider the need to raise a substantial amount of money whilst trying not to discourage smaller investments. The price of a single community share decided by the committee ranges from £1 to £500 and the minimum share value ranges from £30 to £1,500. The most common community share amount purchased by shareholders was £500 but it can be as low as £10 in some cases.

Share finance

An extremely effective way of raising finance is through the purchase of shares by individuals. As well as raising money to help with start-up costs, individuals who hold shares within a business also gain a sense of ownership and involvement in decision-making within the business.

The process and structure of raising shares can take a number of different forms, including a community share issue.

Determining the appropriate value of a single share and the value of a minimum share

Community shares are an innovative way of selling shares to members, and are increasingly raising the highest proportion of start-up capital required for co-operative pubs. Community shares can only be issued by enterprises with the Industrial and Provident Society legal structure and on average contribute £201,403 towards set-up costs of co-operative pubs.



The Fox & Hounds, Ennerdale Bridge, Cumbria

Open since: April 2011
223 members

www.foxandhoundsinn.org

Loans

Co-operative pubs are increasingly relying on loan finance to support set-up costs and co-operative pubs have received loans ranging from £2,000 to £40,000. Ethical lenders and Plunkett members including Triodos Bank, Ecology Building Society and Co-operative and Community Finance maintain experience within the community enterprise sector and offer tailored lending and finance options.

The Bell, Bath

Open since: July 2013
536 members

The Bell Inn was a renowned live music pub and when it was put up for sale the local community, backed by music legends Michael Eavis, the founder of Glastonbury Festival, and Robert Plant of Led Zeppelin, came forward to save it. They undertook a community share issue which raised over £700,000 from 536 members, a record for a co-operative pub. The pub has now reopened and has rapidly built a reputation for live music and great beer, winning their local CAMRA pub of the year award.

www.thebellinnbath.co.uk

Fundraising and donations

Although fund-raising and donations alone do not usually raise significant sums of money, holding community fund-raising events gain community engagement and commitment to the project. The average amount donated to co-operative pub projects is £2,600 and donations can be accepted in different ways, and are not always based on monetary value. Co-operative pubs mentioned that they had benefitted from donated tables, chairs and other furniture during the process of setting-up alongside painting, decorating and general refurbishment. These donations of time and goods help considerably with set up and refurbishment costs.

Legal structure

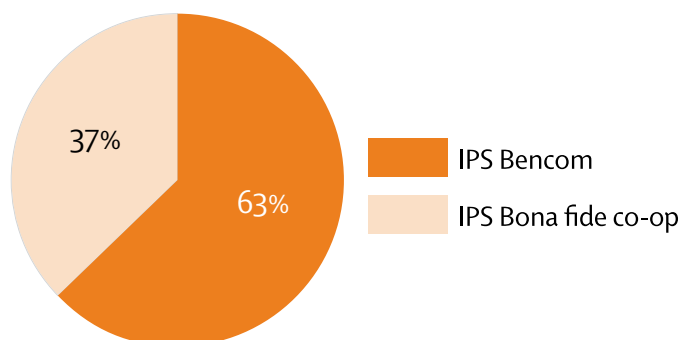
As co-operative pubs are businesses that employ staff, manage volunteers and trade, we recommend they adopt a recognised legal structure. The Industrial and Provident Society structure is the most commonly used and only 2 co-operative pubs opted for a different structure. In recent years all co-operative pubs have chosen either Industrial and Provident Society for the Benefit of the Community or Industrial Provident Society Bona-fide Co-operative. The ability to raise capital through community shares has been important in the success of these models.

The Industrial and Provident Society for the Benefit of the Community legal structure is a proven and successful structure that enables genuine community ownership with equal and democratic control. The following are important building blocks of any co-operative approach:

- An open and voluntary membership.
- One member one vote.
- The interest of the co-operative pub to be linked into community control disallowing one member from having greater control.
- No profit distribution to members based on investment (other than payment of interest).

90% of co-operative pubs have chosen to register as an Industrial and Provident Society either for the Benefit of the Community

Legal structures adopted by co-operative pubs



(soon to be known as a Community Benefit Society) or as a Bona fide Co-operative. The main difference between these structures is that the IPS Bencom operates for the benefit of its members and the wider community and can use profits to reinvest in the business or distribute to good causes, whereas an IPS Bona-fide co-operative operates primarily for the benefit of members and as well as being able to reinvest in the business and distribute funds to good causes, it allows the co-operative to distribute dividends to shareholders.

Other legal structures that have been chosen include; a Company Limited by Guarantee by a co-operative pub in Wales, and a large membership Community Interest Company in Norfolk, although these structures do not have the same ability to raise finance through community share issues.



**Tyn-Y-Capel,
Minera,
Clwyd**

Open since: April 2013
102 members

www.tyn-y-capel.com

Financial performance

Co-operative pubs are financially successful but have the added bonus of a commitment to distributing a percentage of their profit back into the community and community projects. The following analysis is based on a relatively small sector, the majority being in the early years of trading. For this reason the information should be viewed as an early indication of the co-operative pub sector rather than confirmed trends.

The average co-operative pub which was owned by and run by the community using staff and volunteers (managed co-operative pubs), had an average turnover of £192,902, 43% gross margins and net loss of -£22,568. This negative figure is not necessarily an indication of failure, rather owing to the majority of managed co-operative pubs being in their first couple of years of trading, and having planned for losses whilst still repaying loans. Co-operative pubs which are owned by the community but run privately by tenants (tenanted pubs), have an average turnover of £47,681 and net profits of £13,068. This is less than managed pubs owing to tenanted pubs essentially acting as landlord with rent forming the majority of their turnover.

Distribution of surplus

The largest share of net surplus was 28% and was invested back into pub reserves. 16% was reinvested back into the running costs of the business and 14% of the net profit was used to repay existing loans.

23% of co-operative pubs mentioned they invested some of their profit back into the community. This represented 11% of the total net profit across all co-operative pubs. Based on the value of average net profit generated, this suggests that around £11,754 was distributed for community use and benefit in 2013.

Rate relief

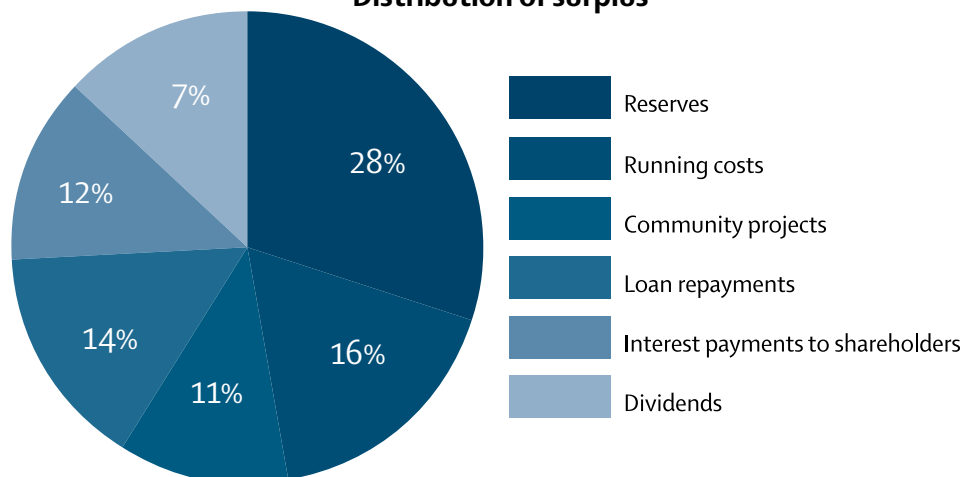
Business rates are taxes that are charged on most non-domestic properties. Businesses, such as co-operative pubs, can benefit from reductions on the level of rates by applying to the local council for rate relief.

The two common types of rate relief that co-operative pubs are likely to be able to apply for are:

- Small business rate relief.
- Rural rate relief.

Co-operative pubs are encouraged to apply to their local council for rate relief. Whether or not a business is granted rate relief is up to the discretion of the local council and although not guaranteed, if granted it can save the business a substantial amount of money. Only 59% of co-operative pubs currently benefit from an amount of rate relief. A number of co-operative pubs receive 100% relief on rates but in 2013 the average relief received was 76%.

Distribution of surplus



Membership

On average co-operative pubs with the IPS legal structure have 205 members and 13 representatives of the members on the management committee. Members are the owners of the business and determine how the co-operative pub is managed as well as who manages it.

A larger membership base means: a larger number of people with interest in the business and who are therefore more likely to use it, a greater number of contributors at AGMs and committee meetings, and a greater potential for volunteers.

Governance

Management committees are elected by members to oversee the strategic operation and finances of the business. Varied background experience within a management committee can vastly benefit how the group make decisions and operate. Currently,

co-operative pub management committees include; teachers, lawyers, retirees, mechanics, graphic designers, IT managers, nurses, farmers, solicitors, people with PR experience and the economically inactive.

Volunteers and paid staff

The decision about whether to employ a tenant, run the business with paid individuals or to use volunteers is important and each option has its benefits.

28% of co-operative pubs benefit from the work of volunteers. Volunteers are often a crucial part of co-operative pub staffing and are utilised in many ways both ad hoc and in the day-to-day operation of the pub, including; bookkeeping, gardening, stock ordering, maintenance, bar shifts, management committee work, and helping when extra staff are needed, such as at annual beer festivals. Volunteers not only give strength to the running of the pub, but are integral in the

process of getting the pub up and running. Volunteer contributions have included; sign writing, accounting advice, painting, decorating, building work, EPOS installation, business planning, electrical work, plumbing, carpentry and furniture restoration.

Paid staff can be tasked to help ensure the pub is meeting the performance targets set by the management committee.

If the co-operative pub is tenanted, the community can determine the terms of the tenancy and shape the way the pub is run and the type of services offered.

Ownership and tenure

Two thirds of co-operative pub associations own the pub premises, and the remainder rent or own the leasehold.

Staffing of co-operative pubs where the association owns the premises

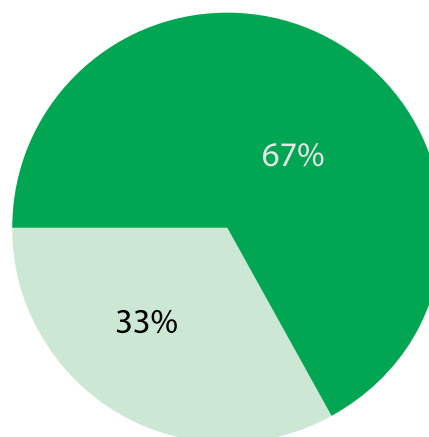
The majority of the pub associations that own the pub building employ a tenant to manage and run the co-operative pub. The remainder of pub associations, 29%, pay a manager to run the pub as well as paid staff. 14% of co-operative pubs that are owned by the pub association use volunteers and 7% employ a combination of paid staff and volunteers. These figures are based on the day-to-day workers within the pub and do not take into account the voluntary contribution of the 13 or so members on the management committee.

Staffing of co-operative pubs where the association rents the premises

Of the co-operative pub associations that rent the pub premises, 43% decided to run the pub with a paid manager as well as paid staff and 29% run the co-operative pub entirely using volunteers.

14% of co-operative pub associations that rent employ a paid manager, paid staff and volunteers and 14% have paid staff only.

Tenure of co-operative pubs



Pub association owns the freehold

Pub association pays rent

	Percentage of pubs where co-operative owns the freehold
Tenant	43%
Paid manager and paid staff	29%
Paid manager and volunteers	14%
Paid manager, paid staff and volunteers	7%
Tenant with management committee	7%

	Percentage of pubs where co-operative rents the premises
Paid manager and paid staff	43%
Volunteers	29%
Paid manager, paid staff and volunteers	14%
Paid staff	14%

Services and facilities

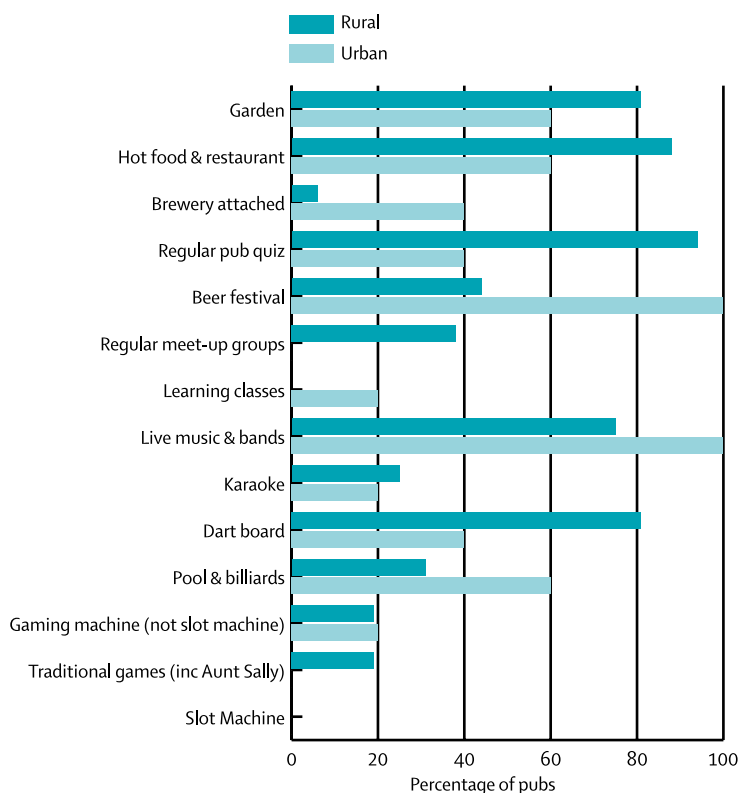
The services and facilities offered to local communities by co-operative pubs reflect the personality of the community and define the characteristics of the business. Every community has different requirements that are reflected in the diverse range of services provided.

Community Value

The majority of co-operative pubs utilise common pub services of some sort. 81% of co-operative pubs include a restaurant or provide regular hot food and 76% include a pub garden. 88% of rural and 60% of urban co-operative pubs include games or entertainment facilities of some sort with 71% having a dart board and 38% a pool or billiards table. Electronic quiz machines were less popular with only 19% of pubs having machines installed. Only 2 pubs (both rural) had more traditional games including the Oxfordshire based game 'Aunt Sally'.

Live music proved popular among pubs with 81% of co-operative pubs arranging regular live music and band nights from full band gigs, to lower key acoustic nights. Regular nights, clubs and group meetings help keep the social side of co-operative pubs alive and provide the community with a hub that otherwise would not exist. In 2013 rural co-operative pubs held regular meet-up and group nights such as bingo, steak nights, wine tasting, knitting circles and film nights. One urban co-operative pub holds a regular Welsh language learning group. Both rural and urban co-operative pubs held Karaoke nights.

Beer festivals are a great way to promote the pub and, as well as increasing sales over a short timescale, help to engage with members of the community that may not already use the facility. Just under half of rural, but 100% of urban co-operative pubs mentioned they have a beer festival at least once a year.



Services

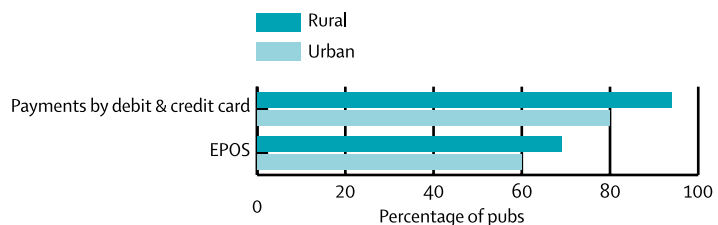
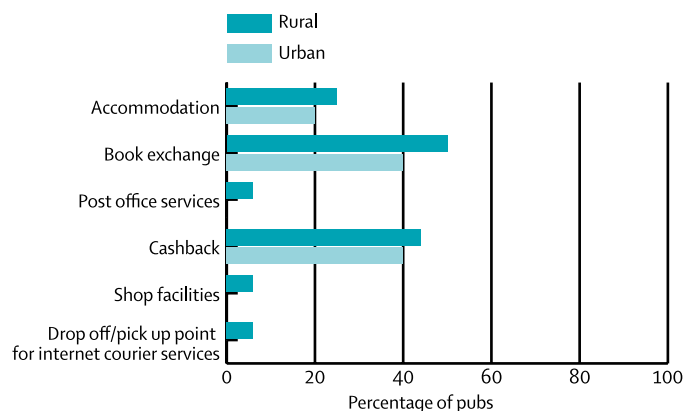
To further fortify the use of co-operative pubs to provide a hub in the community 81% of rural and 60% of urban co-operative pubs we spoke to include meeting facilities and designated function rooms. Accommodation was not as common with 25% of rural and 20% of urban co-operative pubs utilising these facilities.

Only 1 co-operative pub included shop facilities and another provided drop off and pick up point for internet courier services. Both were rural co-operative pubs indicating that co-operative pubs take on extra services to facilitate different requirements of the community which reduce the need to travel longer distances for these services. A rural based co-operative pub also mentioned the local Post Office will be relocating to the pub in 2014. Another service that more co-operative pubs are considering is Wi-Fi for customers to use.

Management

Debit and credit card payments are often crucial to the operation of a co-operative pub with 81% offering card services, and half of these providing cashback.

EPOS is a useful system to monitor the sale of products as well as recording how much is wasted; 67% of co-operative pubs mentioned that they use an EPOS system.



Saith Seren, Wrexham, Clwyd

Open since: January 2012
103 members

Culture and the community are at the heart of the Saith Seren in Wrexham. In January 2012 Saith Seren was opened as Wrexham's very own Welsh Centre, providing a hub for Welsh language speakers, learners and supporters. Now the community of Wrexham can benefit from language lessons, book launches, live music and live sporting events.

www.saithseren.org.uk

Impact of co-operative pubs

When communities approach Plunkett in the early stages of researching co-operative pub ownership they are usually acting to save the last pub in the village. Without a pub facility in a settlement or community, residents would be required to travel longer distances to visit a pub or bar, or would remain within their houses, leading to social isolation.

Social interaction is an important factor in combatting isolation within communities and is closely associated with health and well-being. Local pubs are often the hub of the village providing a place to meet, catch-up and relax.

Local pubs provide a central point that helps maintain cohesion within the community. Organised events and group meetings such as live music nights, games nights, wine tasting and learning groups keep a focus within the community and help prevent isolation. Without the local pub, this interaction would be lost. With no co-operatively owned pub closures so far in the UK, a community can have confidence that this successful structure will maintain the heart of the village for years to come.



Plunkett Membership

In 2013, Plunkett Foundation extended its enterprise membership offer from just community shops, to all types of community enterprises. Membership allows community enterprises to collaborate in the market place and reduce running costs. This means that co-operative pubs can now benefit from preferential rates and services from a range of suppliers that understand community owned businesses. Membership also provides the platform to achieve strategic input into the services that Plunkett provides for community enterprises.

Membership benefits include:

- Access to competitive rates on electricity.
- Discounted rates on accountancy services and software for community enterprises.
- Reduced rates on card payment services.
- Competitive rates on telecoms.
- As well as access to additional Plunkett support at all stages of setting up and running a community enterprise.

In 2013 six co-operative pub groups signed up as members to access the range of benefits and to make significant savings on their everyday running costs. Plunkett Foundation will continue to consult with co-operative pubs to develop the membership benefits in line with their needs.

Plunkett would like to thank all co-operative pubs that provided essential information for the report and took part in the survey.



Co-operative
PUBS 2014

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of Business



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