



UNLOCKING PUBS' POTENTIAL

ALL-PARTY PARLIAMENTARY
BEER GROUP INQUIRY



← FEBRUARY 2020 →



ALL-PARTY PARLIAMENTARY BEER GROUP

ABOUT THE APPBG

The All-Party Parliamentary Beer Group (APPBG) is a registered all-party group of MPs and Peers. It is one of the oldest, and largest, of the cross-party groups. Its registered aims are:

“To promote the wholesomeness and enjoyment of beer and the unique role of the pub in UK society; to increase understanding of the social, cultural and historic role of brewing and pubs in the UK and their value to tourism; to broaden recognition of the contribution of brewing and pubs to employment and to the UK’s economy; to promote understanding of the social responsibility exercised by the brewing and pub industries; and to support the UK’s brewing industry worldwide.”

This inquiry follows previous reports from the APPBG, including:

- Beer Tax 1995
- Licensing Law Reform 1999
- Community Pubs 2008
- Beer Tax Fraud 2012.

This report is not an official publication of the House of Commons or the House of Lords. It has not been approved by either House or their committees. The views expressed in this report are those of the APPBG. The report has been funded from existing funds contributed to the All-Party Parliamentary Beer Group and reported on the Register of All-Party Parliamentary Groups.



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1 INQUIRY TERMS OF REFERENCE, WITNESSES AND SESSIONS

This inquiry was launched in April 2019 with a public call for evidence on:

- the economic and social contribution made by pubs
- the pressures pubs face
- how best to unlock pubs' potential and enable them to thrive.

The general election in December 2019 resulted in a temporary delay in the publication of this report.

Written submissions were received from wide-ranging sources, including past and present licensees, trade associations, PubCos, individuals and other organisations. These have been published on the inquiry website: www.beergroupinquiry.com. Three evidence-gathering sessions were held in the Houses of Parliament, chaired by:

- APPBG chair **Mike Wood MP** (Con, Dudley South) and
- APPBG vice chair **Ruth Smeeth** (then Lab MP, Stoke-on-Trent North).

Other APPBG members attending the sessions were:

- **Lord Kennedy of Southwark** (Lab)
- **Marcus Jones MP** (Con, Nuneaton)
- **Gareth Snell** (then Lab MP, Stoke-on-Trent Central)
- **Liz McInnes** (then Lab MP, Heywood and Middleton).

The following witnesses kindly gave evidence in person:

- **Wednesday 19 June 2019**
Polly Mackenzie, Chief Executive, Demos; **Peter Martin**, CGA/Peach; **Dr Thomas Thurnell-Read**, Loughborough University; **Cllr Martin Wilby**, Norfolk County Council cabinet member for Transport; **Katie Bland**, Licensee, *Bird in Bush*, Elsdon; **Sacha Lord**, Manchester Night-time Economy Adviser.
- **Tuesday 25 June 2019**
Katy Moses, Managing Director of KAM Media; **Tanya Williams**, Licensee, *Polgooth Inn*, St Austell, Cornwall and BII Licensee of the Year 2018; **Suzanne Baker**, Commercial Director of Stonegate Pub Company; **Mandy McNeil**, St Albans Councillor, Vice Chair of Save St Albans Pubs and Save UK Pubs.



- **Tuesday 2 July 2019**

Adrian Cooper, CEO, Oxford Economics; **Pete Brown**, Chair, British Guild of Beer Writers; **Ellie Hudspith**, Policy and Research Manager, CAMRA; **Kris Gumbrell**, Co-founder and Chief Executive, Brewhouse and Kitchen.

In addition, on 3 October 2019 the panel visited:

- *The Golden Lion*, 87 High Street, Newcastle ST5 1PS – meeting **Jim Fisher** (Area Manager) and **Anthony Hughes** (General Manager)
- *Bod, Trentham*, 160 Longton Road, Stoke-on-Trent ST4 8GG – meeting **Keith Bott** and **Andy Slee** (Titanic) and **Stephen Gould** (Everards)
- *Plume of Feathers*, Station Road, Barlaston, Stoke-on-Trent ST12 9DH – meeting **Richard Slingsby** and **Chris Spoule** (Neil Morrissey Pub Company) and **Andy Wilkinson** (Punch).

The inquiry secretariat was provided by Meriel Thorne. All written evidence received and summaries of the evidence sessions heard can be downloaded from: **www.beergroupinquiry.com**.

For any further information about the inquiry or the APPBG please contact:

Paul Hegarty, Hon Secretary, APPBG

07808 096250

01543 483 561

Paul@beergroup.co.uk

2 SUMMARY

Pubs have a huge amount to offer locally and nationally, from catalysing high street regeneration to combatting loneliness. If they are to deliver their full potential, policymakers must embrace a broad notion of their social worth, tackle their tax burden and see them as solutions, not a cause of problems.

Economically, the beer and pub sector contributes £22.9bn annually to the UK economyⁱ. Socially, pubs are woven into the fabric of the country. Often viewed through a lens of nostalgia, they have survived countless economic downturns through being dynamic, innovative businesses. They may be the beating heart of their communities, they may provide a lifeline for local suppliers, sports clubs, charities and the lonely, but in essence they're bricks and mortar, with profit and loss sheets, run by some extraordinary people.

Pubs are facing many of the same challenges as other high street retailers and rural businesses. They then have additional regulatory costs in running licensed premises and additional obligations and taxes in serving alcohol. Relative to turnover, pubs are among the most heavily taxed sectors of the economy. They face a tax burden of 34p for every £1 of turnover, compared to the average 1.3p per £1 of turnover paid in tax by the virtual social networks of the digital economyⁱⁱⁱ. They're facing crippling business rates, paying more relative to their turnover than any other economic sector^{iv}. By pretty much any measure, they're overtaxed.

Regulatory pressures and consumer trends have imposed dramatic changes on the pub landscape in the last 20 years. A wave of closures has swept away nearly one in four pubs. The survivors left standing and the new businesses coming in have become more focussed on their core hospitality and the experience offered. Long-established family brewers and new entrants alike are investing and innovating to deliver what their customers want in a highly competitive market. The UK's 48,000 pubs have never been better run.

Herein lies an extraordinary and largely unrecognised resource for today's policymakers. Pubs can be the catalyst in regenerating high streets and rural communities. They can also provide the place, the people and the possibilities for tackling a myriad of health, social and cultural issues.

Pubs are one of the few public places where strangers rub shoulders and trade opinions outside their normal echo chambers - an unquantifiably precious asset in an increasingly atomised society. They're also one of the unsung props of the UK's social care system, helping tackle loneliness, answering needs of dementia carers, providing meals and offering meeting spaces. Pubs also support national agendas for fitness, sponsoring sport and hosting activity classes; they lay on gardening and literacy classes; they



i Oxford Economics estimates for BBPA 'The Tax Burden faced by the pub industry' September 2018, (data refers to 2016)

ii Ibid: Oxford Economics - The Pub sector made a total GVA contribution of £17.7bn in 2016, the £22.9bn impact refers to not only the Pub sectors activity, but that of Breweries and beer sales more widely.

organise cultural workshops. They host libraries, ATMs, post offices, cinemas and galleries. They're also a key driver of the UK's creativity, from providing fast Wi-Fi for entrepreneurs to giving a first break to bands, performance artists, directors and actors.

Pubs have a huge amount to offer locally and nationally. But if they are to deliver their full potential, policymakers must embrace a broad notion of their social worth and see them as solutions, not as a cause of problems. Rates and taxation must recognise the investment and contribution made by pubs to their communities, not threaten their existence. Planning and licensing must look to pubs' potential in local regeneration and in delivering services, not simply regulate against possible harm. The Treasury, post-Brexit, must review how alcohol taxation serves public policy objectives. It should consider how taxation can be used to drive visits to the sociable and regulated environment of pubs, and towards lower-alcohol and lower-carbon footprint drinks.

It is the conclusion of this inquiry that there has never been a better time to explore the wider potential of pubs. If there's one message policymakers are asked to take away, let it be to see the economic and social possibilities of the innovation, the investment and the people in this sunrise sector.

3 PRINCIPAL RECOMMENDATIONS

Releasing potential

- **Pubs are one of the most overtaxed sectors of the economy.** In reviewing business rates, and considering how best to shift the burden of tax away from property-based businesses, the government is urged to:
 - reward pubs for providing community services, activities and investment - and ensure they are not penalised as currently;
 - provide an offset period for any investment.
- Pending the government's fundamental review of business rates:
 - **The Valuation Office Agency (VOA) must be better resourced** to understand pubs' business models, with additional resource dedicated to the appeals process until the current logjam has been cleared;
 - **All pubs should be able to claim the first £51k in rate relief** proposed for smaller pubs.
 - There is a good argument at the next revaluation in 2021 for **pubs to make an annual online self-assessment.** (Paragraphs 44- 51)
- **Brexit provides a unique opportunity for government to review tax and duty.** The UK's brewers are a leading manufacturing success story and its pubs are a crucial part of British culture, tourism and society. **Government should assess tax and duty in a broad context**, including impacts on employment, stimulus for home-grown product, for lower carbon products, and for health considerations including responsible drinking and personal wellbeing. (Paragraphs 38- 43)
- **Pubs offer untapped potential in regenerating left-behind communities** but a better balance is needed between rigid protection and operational flexibility in making high streets viable spaces for pubs. **The 'Manchester Night-Time Economy Blueprint'** shows the strategic possibilities for local authorities. **The Pub is The Hub's Community Services Fund** and local community champions programme offer support, training and advice on the opportunities presented by local pub projects - additional funding for which would enable a nationwide roll out of these programmes. (Paragraphs 16-20, 35, 55-56, 67, 68)

Joining-up policy

- **Pubs offer extraordinary potential in knitting together the fabric of post-Brexit Britain.** There is wide ranging opportunity for local and national government to work with the pubs sector in promoting healthy lifestyles and addressing loneliness, mental health, obesity and fitness. **Evolving strategy for health and social care should ask how pubs can be a strategic partner in delivering local and national objectives.** (Paragraphs 21-36)



- **Government, industry, consumer groups and academics should quantify the contribution of pubs in the UK**, economically and to society, so as to provide a measure for assessing the impact of policy change on the sector (Paragraph 36)
- **Any new proposals for calorie and allergen labelling must assess the impact on small businesses' menus.** (Paragraph 53)
- **Many pubs are struggling to access the finance needed to expand, innovate or invest in community services. We recommend the pubs minister convene a roundtable** with lenders and pub sector representatives. As part of this review, we suggest revisiting the Enterprise Investment Scheme (EIS) to support community investment and the availability of loans through the Public Works Loan Board. (Paragraph 66)
- **We ask grant-making bodies to review restrictions on funds** for delivering community services to ensure small businesses, such as pubs, are not ineligible by virtue of being seen as profit-making enterprises (Paragraph 66)

Encouraging employment

- Pubs offer widespread employment opportunity including for part-time and youth employment, and possibilities for rapid advancement in careers. The sector also employs some of those furthest from employment. **The Government should support pubs in meeting a higher National Living Wage through reducing employer National Insurance contributions; it should review incentives to encourage employment of under 25s.** (Paragraph 57-62)
- **Future immigration policy must ensure that pubs can source the skills they need to supplement their domestic workforce from outside the UK.** (Paragraph 63)
- Perceptions of the employment possibilities in the industry are outdated. **The pubs sector and government must work together under the auspices of the Tourism Sector Deal** to change this; the sector should redouble efforts to ensure that jobs and careers fit with modern lifestyles and work with government to ensure apprenticeships are sufficiently flexible to fit pubs' wide-ranging skills and opportunities. (Paragraph 61)

4 INTRODUCTION

What's more British than beer and pubs?

- 1 Pubs are a unique part of Britain and British life. They've flourished, faltered, been regulated and taxed, adapted and resurged any number of times since the first taverns were set up some 2000 years ago. Today's pubs may be unrecognisable from their Roman incarnations, but their core offer of hospitality remains distinct in the fabric of the country. They're more than nostalgia; they're everyday life. In a post-Brexit Britain seeking to establish its identity, we ask, what's more British than beer and pubs?
- 2 Pubs are part and parcel of every Parliamentary constituency. As the All-Party Parliamentary Beer Group, we have an unequivocal interest in seeing pubs flourish, not least because beer accounts for seven in every ten alcoholic drinks they serve. Nationally, the beer and pub sector supports 895,000 jobs and contributes £22.9bn to the economy^v. We undertook this inquiry to establish:
 - what pubs contribute, economically and socially, locally and nationally
 - what challenges they face
 - what would enable them to thrive.
- 3 As we heard evidence, it became increasingly clear that pubs offer considerable potential in knitting together the fabric of post-Brexit Britain. We hope our report will unlock political imagination as to the strategic importance of a vibrant pubs sector: as an anchor for community development, as a hub for local entrepreneurs, as a lynchpin for high street redevelopment, as a training ground for interpersonal skills, as the clubhouse for local sports teams, as a stage for cultural creativity, as a responsible agent for regulating alcohol, as a link for the socially isolated, as the potential employer for some of those furthest from employment, and as the breeding ground for new businesses.
- 4 Pubs cater to a basic human need to get together, to be a 'third place' away from home or work, quite distinct from cafés, clubs, churches, community centres or libraries. Albeit that many pubs are also these things, and more.
- 5 Our inquiry learnt how pubs are continuing to adapt in a rapidly evolving eating- and drinking-out sector. The raw statistics may show closures continuing, but the overall picture includes new pubs opening. On the positive side of the balance sheet we heard how diverse the sector has become: remarkable licensees in rural locations providing full-on community services; new entrants pioneering new formats; established pub companies investing in their stock and their people; new business models encouraging local regeneration. We heard from licensees, night-time economy advisers, local councillors, campaigners and expert industry analysts. Our thanks go to them all for sparing us their time and insights, and to all those who contributed written evidence.



- 6 Given the range of individuals, businesses and organisations submitting evidence we were surprised by the unanimity of their prescription. There's a strong consensus that beer and pubs can thrive. But there's a big 'but'.
- 7 Pubs need recognition. The hospitality sector dishes out understanding and compassion as bread and butter, and it needs some back. Pubs need to be acknowledged for what they do in so many intangible ways to promote individual and community wellbeing; to be encouraged for the enterprise, employment and career opportunities they provide; to be listened to for what's unnecessarily and unjustifiably impeding them from adapting or expanding, rather than having restrictions imposed as regulatory necessities and the sector tarred as a risky investment; to have a real voice in explaining what would help boost the beer and pub sector's £22.9bn annual contribution to the economy, the 895,000 jobs and livelihoods supported and the millions of people across the country benefitting from the unsung community heroes in their midst.
- 8 Today's 48,000 pubs range from multi-million pound turnover enterprises to traditional husband-and-wife teams. Approximately 80 per cent are small businesses, some making marginal livings for themselves but nonetheless contributing significantly to their local communities. Our recommendations are generic to pubs in all their various forms and cover the significant breadth of issues raised to the inquiry, with two exceptions. First, we make no recommendations about the statutory Pubs Code in force in England and Wales, as this is currently under review. And second, we have not covered small breweries relief, as this too is currently under review.
- 9 This inquiry follows from a previous APPBG inquiry into community pubs in 2008^{vi}. Many of the recommendations it reported were acted upon. Some have become significantly more relevant. Of these, the issue of rates leapt out of our inquiry: ill-administered policy is stifling investment, employment and regeneration opportunities. A sector that has long suffered from a high tax burden has become even more heavily overtaxed, and it is the small businesses making up 80 per cent of this sector that are imperilled.

5 PUBS AS A FORCE FOR GOOD

“The fact is, that unless, as an industry, we are offering something that the customer either can’t get or do at home, or something BETTER than they can do for themselves then we are in a dangerous place.”

Katy Moses, KAM Media

5.1 Background to today's pubs sector

- 10 Pubs are part of the UK’s rapidly evolving hospitality sector. They’re competing for the leisure pound with restaurants, bars, clubs and venues, with coffee shops and casual dining outlets and with the broader offers of out-of-home entertainment. They’re also in direct competition with the ever-expanding options for entertainment in the home, where food and drink can be bought or delivered at a fraction of a licensee’s costs and without many of their regulatory and tax obligations.
- 11 The UK’s 48,000 pubs have responded to this changing environment in several ways. As headlines make clear, there have been significant closures (see Box A). Peter Martin of CGA told us most of the closures have been at the bottom end where the continuing pressures of costs had made marginal concerns unsustainable. Lower-quality rated pubs accounted for 75 per cent of closures. Pete Brown (Beer Writers Guild) confirmed that ‘the traditional boozier’ had borne the brunt of the closures. We address the issues behind some of these costs and pressures in Chapter 6.
- 12 Alongside the pubs calling final orders the sector has innovated and adapted, with new entrepreneurs and offers coming in. The majority of openings have been mid-market, with a gradual shift to increased quality and standards across the board. A decline in alcohol sales has been accompanied by an increase in value – with an increasing choice of craft beers, artisan gins and low-alcohol and no-alcohol drinks on offer – alongside a continuing move to food.
- 13 CGA’s evidence was supported by other witnesses. Katy Moses (KAM Media) explained this move to premiumisation – drinking less but drinking better - as a response to providing the health-conscious Generation Zs with something different, something that couldn’t be replicated at home, something with ‘Instagrammable’ impact. Kris Gumbrell (Brewhouse and Kitchen) confirmed that this isn’t a volume game any more: pubs needed to find ways to extract more value as an ‘experience’ business. Sacha Lord (Manchester night-time economy adviser) told us how Manchester’s night life had regenerated from the soulless bars of the 1990s.
- 14 We heard that the sector was now very different to that of 20 years ago, and that across the board pubs had never been better run. We learnt of the varied ‘experiences’ on offer: from alcohol-free pubs to microbreweries and tap rooms; Michelin stars to cinemas; live music and open-mic evenings to post offices and libraries. Our visits showed us the variety: the wet-led high-street pub drawing in locals by returning to ‘traditional’ hospitality; the converted police station café bar, as much the go-to venue for



an early-morning coffee or breakfast as for an evening pint and meal; the celebrity-associated venture, serving Neil Morrissey's beers and a full evening menu. Ranging from a 70:30 wet:dry split to 50:50 drink:food, the premises and their customers were unquestionably different. But underlying them all, the core offer of hospitality remained distinct.

- 15 All witnesses to our inquiry agreed on this point: success depends on 'authentic' hospitality. Dr Thurnell-Read (Loughborough University) told us that poor reviews on Trip Advisor made clear what today's punters thought of pubs and venues that were somehow inauthentic. Lincoln Green explained in written evidence their model for success: *"Each pub has its own individual story and reflects the people and the local area"*.

Box A

LAST ORDERS?

According to a 2019 House of Commons research paper^{vii}, there were 111 pubs for every 100,000 people in the UK in 1990; by 2017 this was down to 73. While part of this is a reflection of a 15 per cent increase in population over the period, part is attributable to a decline in pub numbers.

The precise scale of the decline differs according to measures of 'pubs' and timescales used, but the trend is clear. Today's pubs are thinner on the ground than they were five years ago (23 per cent down according to CGA), 10 years ago (25 per cent down according to the Office of National Statistics (ONS)) and 19 years ago (22 per cent down since 2000 according to the British Beer and Pub Association).

Despite this, they continue to pack a punch. The ONS assessed data for the 10 years to 2018 and found total turnover and employment both remained remarkably stable. ONS's explanation – that it was mainly smaller pubs that had closed, with the bigger pubs increasingly focused on serving food as well as drink, requiring more waiting and kitchen staff – ties in with the evidence we heard about trends from our witnesses.

Regional variations

This national picture masks significant regional shifts. ONS data found many areas on the edges of big cities, and in the commuter belt, had seen the biggest slump in pub numbers – in and around London, Manchester and Birmingham. In Wales, Torfaen (near Newport), lost the most pubs. In Scotland, East Renfrewshire and East Ayrshire (both south of Glasgow) saw pub numbers decline the most. All areas of Northern Ireland have seen closures, with numbers down by more than a third between 2001 and 2018.

Quest for quality

There has been a clear shift from smaller pubs – be they independently owned or regional or family-owned businesses – to medium and larger pubs and bars. PubCos (nationwide companies with 250 or more outlets) have all but shed their small pubs. A new cohort of pub groups with 20-100 pubs is expanding rapidly. Within this, the following trends were identified by Peter Martin from CGA's data:

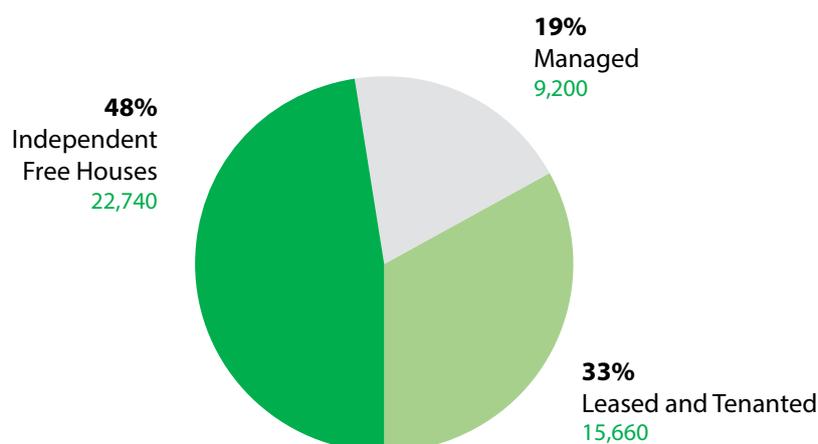
- **Food, glorious food** As a rule of thumb, managed houses now work on a turnover basis of a third food sales, a third drinks with food (including non-alcoholic drinks) and a third drinks at the bar. Across the cohort of both food and drink-led pubs, food sales account for 43 per cent of the total; they even average 26 per cent in drink-led managed pubs.
- **Premium offers** Lower quality-rated pubs are more likely to have closed over the last five years, with mainstream sites accounting for 75 per cent of all net closures. Not all openings have been at the top-end – the majority are still mid-market – but there has been a discernible move to ‘premiumisation’. The role of beer in this is illuminating: Peter Martin’s analysis found that the drink-led pubs that have closed (managed, leased or free) typically stocked a more limited range than those that remained open, and that pubs that have closed were more dependent on standard lager sales and had lower-than-average sales of world and premium lagers; they appear to have failed to move down the route of premiumisation and increased choice.
- **Management** The main growth in the last five years has come from managed pubs – in both food and community sites. Some of these are new builds; others are conversions of better leased pubs to management. Some are established pub companies, some new entrepreneurs.

Back to the future

Overall numbers continue to fluctuate but the rate of decline is slowing. CGA suggests that the brunt of the closures has passed. MCA UK Pub Market Report expects pub outlet growth to stabilise from 2021 and rise from 2023. The ONS’s January 2020 update on industry figures indicated a small (0.8%) upward movement for the first time in a decade.

The soulless bars, the bog-standard boozers, the marginal operators have gone. Future success, we were told, relies on ‘authenticity’: places run by people who care, ‘experiences’ reflecting the individuality of the operator, and offers tailored to their specific customer base.

UK Pubs 2019



Source: BBPA.



5.2 Economic value

- 16 It might be expected that the APPBG bang the drum for beer and pubs, but we continue to be astonished that a sector of this size and value is not perceived with greater strategic importance nationally.
- 17 The beer and pub industry directly employs about 660,000 workers. This is nearly four times the numbers employed in motor-vehicle manufacturing. Adding in others indirectly employed via the supply chain and the consumer spending supported by those directly and indirectly employed, the number of jobs supported rises to nearly 895,000. In terms of GDP, the beer and pub sector directly contributes more than oil and gas extraction or chemicals manufacturing, amounting to some £13.3bn GVA (Gross Value Added) each year. And each year it also contributes £12.7bn in tax to the Treasury and adds £2bn through investment.^{viii}
- 18 BBPA evidence showed the full multiplier effect of this economic activity. The beer and pub sector is estimated to have a GVA multiplier of 1.7. So, for every £1m contribution to GDP generated, a further £0.7m is supported around the rest of the economy. The sector also boasts an employment multiplier of 1.4 and a wage multiplier of 1.7.
- 19 Put into a local context, the impact of this investment can be of extraordinary importance. In 2012, research for CAMRA and IPPR estimated that pubs inject an average of £80,000 into their local economy each year through their direct expenditure - more recent estimates are significantly higher^{ix}. Local licensees Katie Bland and Tanya Williams told us of the jobs they had created, from chef to garden apprentice, and the local produce bought and sold.
- 20 The scale of this economic activity shows the potential of pubs as catalysts for regeneration. Sacha Lord, the Manchester Night-Time Economy Adviser, provided us with a graphic example of this working in Altrincham, which had been transformed through small, high-quality food and drink operators opening on peppercorn rents, attracting footfall and so drawing in more pubs, bars and restaurants. Box B below has the detail. His five-point plan for regeneration of Manchester's night-time economy has clear lessons for high streets and communities across the country (see chapter 7).

We urge all local authorities to adopt the recommendations in the '*Night-Time Economy Blueprint*' and to share best practice in harnessing pubs to regenerate high streets.



Box B

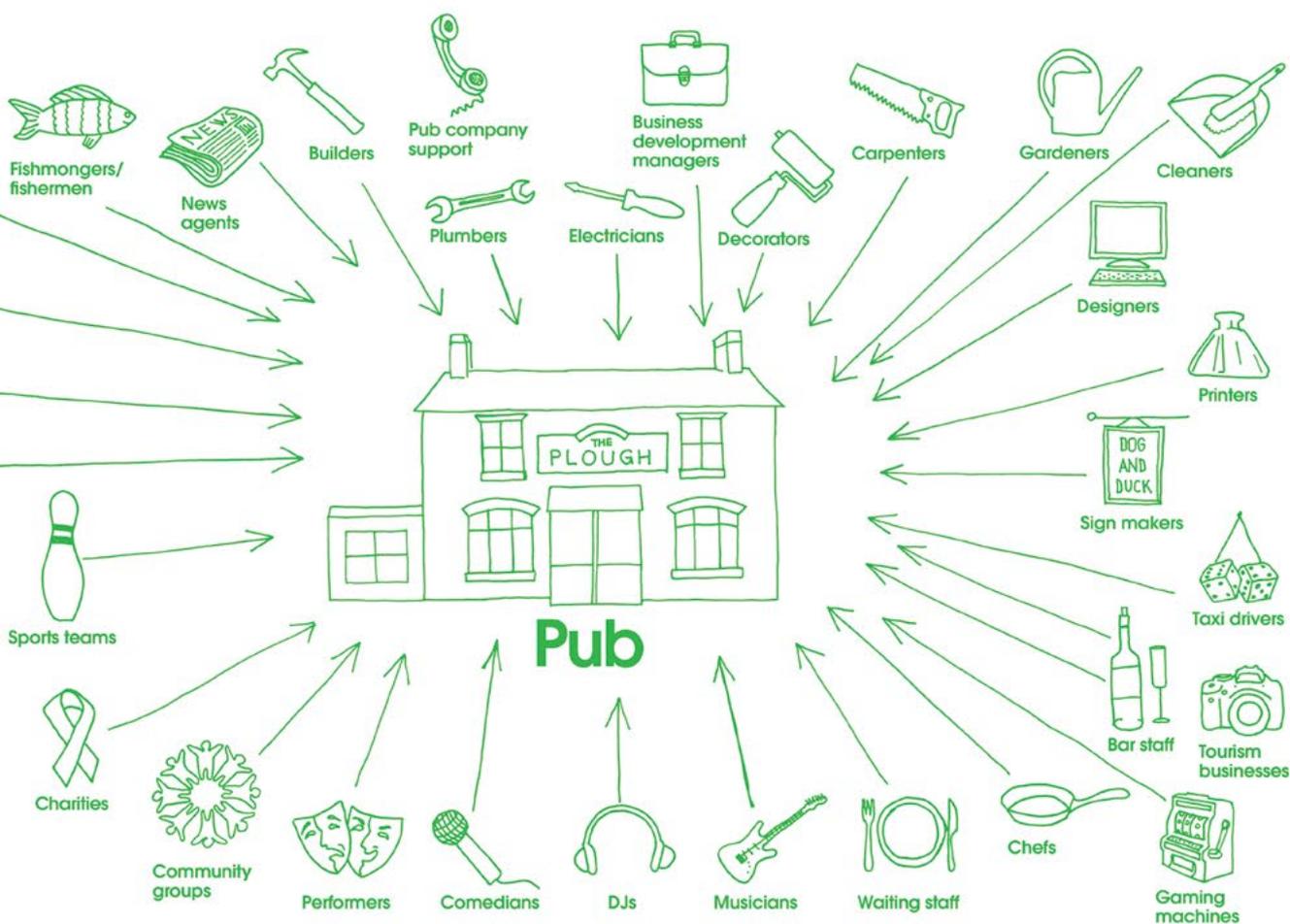
CATALYSING REGENERATION

How the night-time economy and its businesses can play a key role in transforming the fortunes of a town.

Altrincham is a modern market town in Greater Manchester. In 2018 it was awarded England's Champion High Street in the Great British High Street Awards. The town is extremely proud of this, as it has been on a remarkable journey over the last few years. Only in 2010, Altrincham made the headlines for all the wrong reasons: it had the highest number of vacant units in the country (over 30 per cent) on its high street, really low footfall that was declining, a night-time offer that was limited and a community that was no longer using the town as it always had done.

A combination of factors had led to the decline: the opening of the Trafford Centre, the overall economic downturn and shopping habits shifting towards the internet. The town's evening offering was fairly limited, and local people tended to travel further afield for their enjoyment of evening drinks and meals.





Fast forward to 2019 and a vibrant, thriving evening economy

A number of things created today's award-winning town. Nothing would have happened, however, without effective partnership between Trafford Council, the businesses and the community.

The council invested in several key projects that had a major impact on the town's day- and night-time economy. The highest-profile was the regeneration of the town's Market House and Market, which now attracts and caters for thousands of visitors a week. The vision was led by Nick Johnson and Jenny Thompson, creating the special food and drink offering which has helped to make Altrincham the destination it is today.

From an evening economy perspective, the market has acted as an anchor institution, with other businesses including high-quality bars, pubs with micro-breweries, restaurants and coffee shops being established first in the vicinity of the market, and then increasingly spreading further and further away from the market, growing from each other.

The market appears far removed from a traditional pub but has many of the same characteristics. Alcohol is sold and consumed there, it has a CAMRA award, there is an excellent food offering, seating and tables are communal leading to great interactions between people who may not ordinarily meet, the market acts as a focal point and meeting place for families, and has a diverse mix of attendees. And its most pub-like quality? It feels like a social space, the centre of the community.

The market put the heart back into the town but the 'welcome' to Altrincham was also improved considerably via investment in the town's Interchange, which has helped to drive visitors from all over Greater Manchester and beyond. The council also invested in public spaces, which have supported the growth of the town's very strong café scene and its night-time economy.

Alongside public sector investment, the private sector has invested and created some very special businesses, increasingly experience-led, such as the Everyman Cinema.

Altrincham's Business Improvement District organisation was established in 2016, with a very clear focus on supporting the businesses by delivering footfall-generating events and projects. The footfall has grown steadily year on year since 2015 and is currently six per cent higher this year than in August 2018.

Altrincham is a great demonstration of how the night-time economy and its businesses can play a key role in transforming the fortunes of a town. In an environment where retail is struggling, where retail-led high streets and town centres are dying away, the night-time economy is more important than ever. This formerly struggling market town in Greater Manchester serves as a local, national and international example of what is possible when the community, and the public and private sectors work hand-in-hand to support the night-time economy.

“There is nothing which has yet been contrived by man, by which so much happiness is produced as by a good tavern or inn.”

Samuel Johnson, 1791

5.3 Community value

- 21 Witnesses were unanimous in agreeing that pubs are more than the meals and drinks they serve. In 2016, MHCLG found that over 2,000 pubs were listed as Assets of Community Value (representing roughly half of all listings). Our inquiry wanted to understand what this 'community value' means in practice. We also wanted to explore the strategic potential for linking pubs' community offer with local and national initiatives.

As fundraisers

- 22 Evidence from *PubAid* shows that 77 per cent of all pubs raise money for charity, at an average of over £2,000 pa. Altogether, they raise more than £100m every year; £1bn since *PubAid* was set up in 2009. *The Logan Rock* in Cornwall, *PubAid's* 2018 Charity Pub of the Year, shows the breadth of benefits: it organises sponsored cycle rides along the Cornish coast and regular quizzes and auctions, raising money for local charities and causes including St Levan Church and Sports Club, Cornwall Blood Bikes



and Macmillan. A welly boot throwing competition held every Boxing Day supports Sennen Cove Lifeboat Station, while the pub also hosts visits from underprivileged children from London, delivers newspapers to Treen's elderly residents and organises a local litter pick.

As community hubs

- 23 *Pub is The Hub* (PiTH) submitted detailed written evidence of the range of local services supported with the help of PiTH's grants and advice. In the 18 years it has been going, PiTH's advice has helped deliver 500 projects and directly supported 126 through its Community Services Fund. Some provide new services, some reintroduce lost services and others replace declining services. They cover 33 different categories, including shops, cafés, post offices, libraries, community meeting rooms, bakeries, children's play areas, allotment schemes, IT training, farmers markets, community cinemas, theatres, lunch clubs and work clubs.
- 24 Katie Bland (*Bird in Bush*) gave us an insight into what a 'project' means in practice, as she and her partner bought up their closed local, renovated it, and reopened with the distinct aim of assuring a welcome for all in their extremely rural location (parish population of 250). Their kitchen caters to specific needs, including providing a dependable meal for locals with dementia; they support a micro-brewery; they host a number of services. They sell gins from the local distiller, act as a hub for local activities, pooling ideas and people. We commented at the time that the *Bird in Bush* sounded more like a community facility with a revenue stream derived from a pub, and asked whether this was a greater dividend than would come from a community shop. Katie confirmed that it was. (See page 39 for more detail).
- 25 We heard and received evidence of widespread activities from other pubs – rural, high-street, suburban – providing 'services' including regular lunches for people and partners with dementia, Christmas meals for isolated and lonely locals, free meals for old peoples' homes, yoga classes and literacy workshops. We agree with witnesses' sentiment that there are possibilities for the licensees of any pub wanting to make use of their upstairs room or spare downstairs space, particularly for those thinking outside the box, for example in partnering with local GPs for baby massage, or with local universities for guest lectures.

As a local 'institution'

- 26 Pubs have an apparent value by simply 'being there.' Polly Mackenzie (Demos) told us about the nostalgia for an institutional framework that held the nation together, like pubs, trades unions and churches, and that Demos' research into optimism showed that people tended to be more optimistic about things closer to home, like local pubs. Katy Moses pointed to KAM's research showing 95 per cent of people believe pubs and bars play an important role in creating a vibrant local community. The anomaly is that while pubs clearly contribute to a local feeling of 'wellness', people don't necessarily use them. Dr Thurnell-Read described this as 'vicarious consumption'. We accept that intangibles such as this are notoriously tricky to quantify, but that doesn't mean they should be ignored in assessing the strategic importance of pubs.

As a 'third place'

- 27 We sought to understand the value of pubs as a 'third place' – somewhere that wasn't work or home. Dr Thurnell-Read explained how some pubs created a virtuous circle of welcome and social interaction (see box D for an example); we heard from licensees about the importance for their customers' mental wellbeing of them having somewhere to go out to; we heard a local council perspective of pubs successfully liaising with their local authorities to identify programmes to tackle loneliness. The BII's evidence to the inquiry explained that: *"For many, isolation and loneliness are a daily reality, and for some, the only human contact they have is with the friendly face behind the bar. It may be just small talk with another customer about the weather, or a bit of lively discussion about last night's match, but those small moments of connection with another person are what puts pubs at the heart of their communities."* The Government launched its first Loneliness Strategy in October 2018 and a report from the Royal Society for Public Health^x concluded that pubs are a vital part of a healthy high street, because of the social element they bring.
- 28 Dr Thurnell-Read explained the importance of well-trained staff in connecting with customers' different needs and cultural attitudes to pub going – for example, in understanding that some older women were reluctant to visit a pub on their own. From our visits, we heard of the power of a chessboard in getting customers to interact and of managers trained to recognise that complaints may be the only conversational channel for some lonely customers until otherwise engaged. Staff need awareness to understand when a customer is happy to be left alone with a cup of coffee or pint and a paper, and when they might to be drawn into a conversation. Dr Thurnell-Read also mentioned the specific role of pubs in supporting LGBTQ communities. We await with interest the outcome of his research into loneliness later this year.

As a 'social network' and for social cohesion

- 29 Polly Mackenzie told us that Demos had researched the increasing 'atomisation' of society. The move to online experiences and interactions coupled with the pressures on high streets mean there are fewer and fewer options for people to come together as a community, to meet strangers, to break out of their narrow echo chambers of opinion. Pubs have an intrinsic value as places to interact. Written evidence told us some very human stories of the benefits of interaction at times of trouble, grief and celebration. Ellie Hudspith (CAMRA) drew us to Professor Dunbar's 2016 research for CAMRA^{xi} showing *"considerable evidence that social network size and quality has dramatic effects on health, wellbeing, happiness and even survival"* and that *"pubs in general, and local community pubs in particular, may have unseen social benefits in building and broadening these networks"*. Clearly, not all pubs are models of social cohesion, and as Dr Thurnell-Read told us, not all cultures, sexes and demographics view pubs with the same ease of access, but they are one of the few local institutions where total strangers can rub shoulders. Some of the new pub formats, such as the café bar we visited, are distinctly more welcoming to a broader demographic than some earlier incarnations of the pub.



As a tourist attraction

- 30 We were pointed to Visit Britain research, using ONS data of inbound tourists, which found that visiting pubs was the third most popular activity (42 per cent of all visits, compared with 28 per cent for visiting castles or historic houses, or 20 per cent for walking in the countryside)^{xii}. Many of these pubs are appreciated for their historic worth, which is costly to adapt and maintain (see below), many for their cultural history.

We recommend the cost of maintaining such heritage assets is acknowledged through rate relief.

As creative incubators

- 31 Pubs across the country lay on music, comedy and talent nights; those with relevant spaces, pub theatre and cinema. This inquiry was unable to unearth a definitive list of those given their first break in a pub, but the 'alumni' of performers at *The Hope and Anchor* in Islington gives a glimpse of the scale of the talent unleashed via pubs, which includes: Adam and the Ants, The Clash, The Cure, Dr. Feelgood, The Damned, Dire Straits, Generation X, The Jam, Joe Jackson, Joy Division, Keane, Madness, The Pogues, The Police, The Ramones, The Specials, Squeeze, The Stranglers, Stray Cats, Tom Robinson Band, U2, X-Ray Spex and XTC. Pubs take eight of the top ten spots for comedy venues in London. They've provided the first stage to plays that have gone on to West End success. Evidence from the Phoenix Arts Club (see box C) show this success is costly, and far from straightforward.

As for protection of heritage assets, we recommend that pubs' creative and cultural contribution is recognised through rate relief.

As sports clubs

- 32 In 2019 *PubAid*^{xiii} reported that pubs across the country provide a lifeline for grassroots sport, worth an estimated £40m a year in financial and in-kind support. Speaking at the launch of the report in Parliament, Sports Minister Nigel Adams MP said: "*Pubs play an important role in supporting local sports clubs. They act as sponsors, fundraisers, and meeting places, saving teams significant sums every year.*"

National objectives for tackling obesity and encouraging exercise should acknowledge the importance of this support for grassroots sport; joined-up thinking is needed across government to maximise this potential.

For wide-ranging employment opportunities

- 33 We examine the ‘people’ aspect of the sector in Chapter 6, but an understated element of community worth comes from the range of opportunity provided – particularly in rural communities – for part-time and youth employment and the possibilities for rapid advancement in careers. The sector also employs some of those furthest from employment, such as ex-offenders, and offers wide ranging apprenticeships (see page 40).

For environmental benefit

- 34 The environmentalist, Tony Juniper, is quoted by Mark Thomas as saying: “*The greenest thing you can do is go to the pub*”. There is a very significant difference in the environmental footprint of a pint drunk at home compared to one enjoyed in a pub. Pubs with micro-breweries will be serving beer brewed a few metres from the point of consumption; pubs shipping in their beers will have the overwhelming majority delivered in recyclable kegs and casks, which are reused by breweries for up to 30 years. The 2019 report ‘*Brewing Green*^{xiv}’ states that over 93 per cent of beer sold in British pubs is sold this way. That report also highlights the high level of waste recovery in the brewing sector, running at 98 per cent, and the increased efficiencies made in the last 10 years including a 42 per cent reduction in carbon emissions and a 20 per cent reduction in the energy used to make a pint.

5.4 Leveraging community benefits

- 35 Pubs offer a significant resource for national and local authorities and healthcare commissioning groups. Where else are there professionals whose core offer is hospitality, with real estate empty for part of the day, with the potential to answer a variety of local needs given a bit of co-ordinated support and input? As we heard, licensees themselves don’t necessarily see themselves as providing a ‘service’ – it’s part and parcel of their everyday hospitality – and so they’re not necessarily attuned to advertising their ‘dementia friendly’ or ‘loneliness’ services to local GPs for their social-prescribing initiatives. Neither are all pubs attuned to linking in to audits of local service provision to see where they can help. Cllr Martin Wilby told us how Norfolk council works with local pubs and PiTH’s local community services champions programme to identify the role pubs could play in delivering prioritised needs and services.

- **We recommend that *Pub is The Hub’s* Community Services Fund, together with its Local Community Services Champions programme, is given the funding necessary to roll out its training, support and advice for pub projects with local authorities nationwide. PiTH has the expertise to help local authorities assess the strategic fit of pubs in delivering priority services and facilities that have been run down, that need replacing or building up from scratch. We also recommend that all pub operators embarking on new ventures or diversifying existing ones have early discussions with their local authority about the strategic fit of possible services and facilities, and any constraints in planning, transport or other factors that may need to be overcome.**



- **We ask government to undertake a holistic review of the incentives and disincentives for taking on community activities and roles, and in particular to assess the impact of rates. Pubs should be rewarded for providing services and investment, not penalised.**

Box C

CULTURAL AND CREATIVE HUBS

No small part of the great British nostalgia for pubs comes from their cultural connections:

- the venues for bands on the cusp of a breakthrough
- stand-up acts on their way to making it big
- stand out performances in pub theatre
- platforms for guest DJs, poets, artists and more, providing the creative spaces to make things happen.

Many venues have closed or are under threat. Written evidence urged us to help 'get a grip'. The significant resource needed to make 'and keep' them as going concerns is shown in two contrasting cases.

The 1920s Fellowship Inn in Bellingham, South London was the first-ever pub planned as part of a housing development. It was given a specific brief to provide family space and room for 'fellowship', in acknowledgement of the strong temperance movement of the time. However, the spaces that twice hosted Fleetwood Mac, and were the home and training base of Henry Cooper ahead of his Wembley bout with Cassius Clay, fell into disuse and disrepair. It took a £4m lottery grant to restore the *Fellowship*, which reopened in June 2019 with a cinema, live music, theatre and comedy venue, café, music hub and rehearsal space. It's now once again a vibrant community and cultural hub, in one of London's more deprived neighbourhoods.

Few such grants are available, however. And the '*sheer bloody hard work and innovation*' to turn a community and cultural venue around in the absence of such help was detailed in written evidence.

The Phoenix Arts Club in Camden was resurrected from "*a rundown mess, with major debt and worn-out fixtures and fittings*" by owner Ken Wright. He had inherited it nine years earlier, and has transformed an annual debt of £80,000 into a multi-award winning, £1.2m turnover, much-loved local community hub.

He now hosts over 800 live shows a year. He employs 20 staff including two apprentices, helps look after the last remaining green space locally – Phoenix Gardens – supports two local churches, provides space for local business forums and ultra-fast Wi-Fi for local creatives.

Ken explained: "*That's just scraping the surface of what we as a proactive, independent, 18-hours-a-day, seven-days-a-week company have to do to stay ahead. We are desperate to expand as we need to*

dilute our overheads with more than one venue. But we're in a location where no new licences are being issued and we are priced out or – despite our numerous awards – not taken seriously. We invest heavily in our staff, building and product, so with our £1.2m turnover we realised a profit of £6,000 last year. Our business rates are crippling. We are a free house, but chose Marston's to supply product. They have been instrumental in assisting us, both financially and through technical support, to stay ahead of the game.

"I counted 57 separate pieces of legislation, obligation, taxes and levy placed upon my business in Camden. That's not counting the licence itself, which is the size of a small book. We are policed to within an inch of our life on noise, waste, public nuisance, occupancy levels, minority access, health, hygiene and a seemingly never-ending list of objectives or flavour-of-the-month initiatives pushed on us by well-meaning clip board carriers with no budget or resources to do their job themselves – but happy to pass the buck on to me... we are legislated and taxed to the highest level in Europe with no thought or consideration of the benefit a well-run community-led pub can bring to the neighbourhood.

"We are hanging on by the skin of our teeth and unless those in charge pay better attention to the night-time economy and treat us as an asset rather than the enemy, London, Manchester, Leeds et al will fail to attract tourists, students and the creative arts. Because we will all be shut or 'gentrified' into a chain. The tsunami tidal wave has swept out, taking the poorly-run and struggling venues with it. It's about to return and engulf what's left unless we get a grip."

The steps required to 'get a grip' are outlined in Sacha Lord's blueprint for Manchester's night-time economy on page 38. At their heart lie the imperative for local council, community and businesses to work together effectively to recognise the importance of a vibrant night-time economy and to ensure its future.

5.5 Valuing the contribution

36 Previous research has sought to put a value on the community benefit generated by pubs' investment in their people and services. Professor Dunbar's 2016 report^{xv} pointed to the savings in healthcare budgets. Rick Muir's 2012 IPPR report^{xvi} derived a formula for estimating the social return on investment for individual pubs – with case studies ranging from £17,901 for a small rural community pub to £120,300 for a larger food-led pub. For this report, we recognised the enormous task of evaluating factors such as the savings on healthcare budgets arising from a happier or less isolated society, or estimating the individual benefits derived from a casual conversation at a bar prompting a take-up in cancer screening, or the local wellbeing derived from an active pub sports team. However, a very loose assessment of the benefits outlined in section 5.3 suggests they are considerable and, we contend, may easily outweigh the costs of alcohol misuse sweepingly mis-apportioned to pubs by some campaigners – such as the £21bn pa extrapolations from data in the last National Alcohol Strategy^{xvii}.

Government, industry, consumer groups and academics should quantify the contribution of pubs in the UK, economically and to society, not least so as to provide a measure for evaluating the impact of policy change.



Box D

THE POPPY AND PINT, LADY BAY, NOTTINGHAM – A THRIVING COMMUNITY LOCAL

The Poppy and Pint is a thriving suburban community pub located in Lady Bay in Rushcliffe Borough, south of Nottingham city centre and the River Trent. Opened in 2011 by Castle Rock Brewery in a refurbished and expanded former British Legion building, the pub received a Rushcliffe Borough Council Community Award and Nottingham CAMRA Pub of The Year in 2017. Whilst the pub showcases Castle Rock cask ales and keg beers, there is also an extensive roster of guest beers, ciders and a wine menu. Food and café-standard coffee are served throughout the day and there is a pensioners' lunch menu available Mondays to Saturdays and roast dinners on Sundays. Outside there is a spacious beer garden and ample parking including designated disabled parking bays.

Manager James Halfpenny has over 25 years of experience in the trade and has overseen the development of the pub since its opening. He prioritises building lasting links with local customers and creating an inclusive and welcoming environment. The pub and brewery team make use of social media to engage with customers and promote events. The pub is host to numerous groups and events including the Poppy Folk Club, a weekly Wellbeing Group, and classes in yoga, baby massage and adult ballet. A function space is used for children's parties, birthday celebrations and occasional wakes, and the British Legion still run a monthly ex-services breakfast. A popular annual Summer Party is held in late August each year and is attended by a mixture of long-term and newly-arrived Lady Bay residents. *"It's where people get to know each other, where they may not otherwise have the chance."*



Picture (right to left): Manager James Halfpenny, long-time Lady Bay residents, regular customers Liz and Steve, and staff member Beth.

6 HEADWINDS FACING PUBS

“The sale of subsidised alcohol is a major factor facing pubs at the moment, even award-winning ones such as mine. Most publicans recognise that our real competition comes not from other pubs, but from people staying at home with subsidised alcohol and it is time that Parliament recognised this problem.”

John Ellis, Crown Inn, Oakengates and Elephant & Castle, Dawley

37 Chapter 5 outlined some of the changes in the pub sector arising from competition, demographic and regulatory change. We wanted to understand where the main headwinds were coming from as pubs sought to establish a secure footing for the future.

6.1 Competition from the off-trade, duty and VAT

38 Written evidence received and evidence heard during the inquiry emphasised the impact of competition from off-sales of beer. Supermarket and off-licence sales of beer first overtook pub sales in 2016, and by 2018 10 per cent more beer was sold in the off-trade than through pubs, restaurants and hotels. See Box E below. Witnesses explained what this meant in practice.

39 Suzanne Baker told us that she saw the likes of Tesco and Sainsbury's as Stonegate's main competitors but commented they didn't face the same costs as pubs in looking after people consuming their products. She told us that Stonegate spent £23m every year looking after people in their pubs; supermarkets did not carry similar obligations to look after people after they had left their premises.

40 As well as bearing additional costs to provide a regulated and safe environment for communities to socialise, pubs are disproportionately affected by excise duty as alcohol generally accounts for the majority of turnover and increases in duty cannot be absorbed. Sales of beer account for seven in ten of the alcoholic drinks that pubs serve, and for many are critical for their survival, effectively subsidising delivery of the local and public good outlined in chapter 5. Supermarkets, however, do not need their beer sales to survive as they are a small fraction of their turnover - BBPA estimates they represent about 3% of turnover.



Box E

The price of a pint

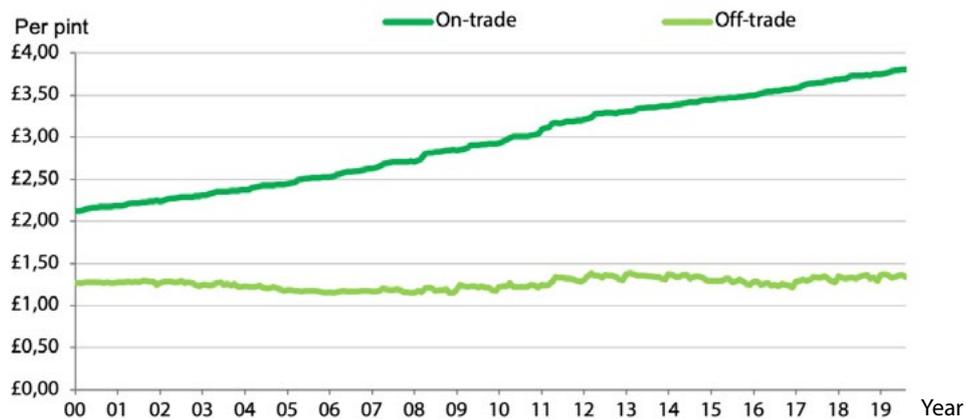
In January 2000, the price of a pint in the on-trade was 1.7 times the price in the off-trade (see Fig 1). By May 2019, this disparity had nearly doubled, with the on-trade price 2.8 times the price in supermarkets and off-licences.

The impact on sales has been significant. Between 2000 and 2018, sales of beer in the on-trade fell by 49 per cent (see Fig 2) whilst they increased in the off-trade by 26 per cent.

2016 was the first year that more beer was sold in the off-trade than via pubs, restaurants and hotels. By 2018, 10 per cent more beer was sold in the off-trade than through the on-trade.

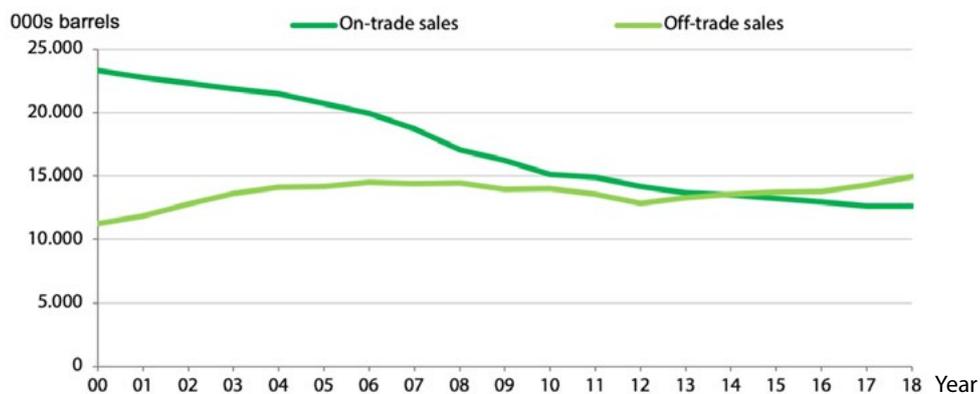
Source: Oxford Economics, ONS, BBPA

Fig 1: The price of a pint of beer in the on-trade and off-trade



Source: BBPA, ONS

Fig 2: Annual beer sales by distribution channel



Source: BBPA (2019)

- 41 The beer and pub sector's regular submissions to the Treasury make clear the scale of tax paid by the trade annually, the disproportionate impact of alcohol duty on on-sales and the benefits derived from duty cuts in terms of funds raised and jobs created.
- 42 We heard evidence from Adrian Cooper of Oxford Economics that the off-trade historically hadn't passed on beer duty increases, and that prices in the off-trade had fallen significantly relative to the on-trade – this was a reflection of the different business and operating models. He explained that demand in the on-trade was much more price sensitive than HMRC/Treasury assessed in its modelling, meaning that any increase in duty had a more significant impact on on-sales than on drinking at home. For every 1 per cent increase in on-trade beer prices, beer sales in pubs, restaurants and hotels decline by 1.5 per cent. In contrast, for every 1 per cent increase in beer prices in the off-trade, beer sales in supermarkets and off-licences fall by 1.1 per cent.
- 43 Mr Cooper also explained that there was a clear link between excise duty policy and beer consumption as evidenced by recent trends: having fallen sharply in the 10 years to 2012, beer sales had stabilised since and indeed risen slightly in recent years, which corresponded with the change from significant annual increases in excise rates pre-2012 to rates being broadly held stable since.

- The link between brewing and pubs is inextricable. More than two thirds of the alcoholic drinks sold in pubs are beers. The welfare of pubs and the health of the brewing sector are intertwined and **government should review the impact of tax and duty in supporting the regulated and safe environments pubs provide for communities to socialise and for all their other public good.**
- Post Brexit, the Treasury has an extraordinary opportunity to review tax outside the strictures of EU Directives. As part of this, **we urge a thorough review of the impacts of alcohol duty to assess how it supports wider government policy objectives**, including:
 - employment – according to the BBPA, one job in brewing creates 21 in the wider economy
 - stimulus for home-grown product – 80 per cent of beer consumed in the UK is brewed in the UK and beer is one of the UK's top food and drink exports
 - carbon footprint - draught beer consumed in a pub has a significantly smaller carbon footprint than canned beer sold by a supermarket, but incurs the same duty.
 - health considerations and responsible consumption – Australia introduced differentiated duty rates for low and mid-strength beers and for draught beer (see Box F), evidence points to a rationale in moving the threshold for low alcohol beers from 2.8 per cent to 3.5 per cent.^{xviii}



Box F

The Australian model of beer duty

Australia has a concessional beer excise regime for low and mid-strength beers, and for draught beer which has a lower rate of excise than beer packaged in smaller containers.

Beer Duty

(Aus.\$ per litre of alcohol^{xix})

	Containers smaller than 48 litres	Containers larger than 48 litres
<3% alcohol	43.53	8.71
3%-3.5% alcohol	50.70	27.26
>3.5% alcohol	50.70	35.71

The concession for draught beer arose from a commitment that the then Prime Minister John Howard made to the Australian Hotels Association at the time Australia introduced its Goods and Services Tax (GST) in 2000 – to limit the effective price increase of draught beer upon the introduction of the GST. It was a political pitch not only to Australian publicans, but also to the large number of Australians who enjoy socialising at their local pub.

The impact on the Federal Budget at the time was small – \$170m in 2004-05 according to the Government's 2004 Tax Expenditures Statement. This is equivalent to £94.5m at the 2019 exchange rate.

6.2 Rates

“The business rates on our North London Pub, *the Somerstown Coffee House*, increased by £32,000 to £129,000 over a midterm review and the recent reclassifications. This meant that we found ourselves paying a similar rate to a local supermarket which is understood to take over £15m per annum. ”

Anthony Pender, Managing Director, Yummy Pub Company

- 44 Possibly the largest volume of evidence the inquiry received concerned business rates. We were told that they are crippling many pubs; distorting competition, impacting investment and causing extraordinary anguish for many licensees. A revaluation can halve an operator's profits overnight. We heard heart-rending accounts from licensees about their battles to challenge unwarranted increases ranging up to 350 per cent. And the disbelief that a £500,000 refurbishment of a pub should drive a rates bill from £54,000 to £126,000 overnight, plus a demand for two years' back-payment.

- 45 On a macro level, there are questions Government needs to confront about equalising the burden carried by bricks vs clicks. Pubs are a prime example of the imbalance. Adrian Cooper informed us that the absolute weight of the business rates bill paid by the pubs sector relative to turnover was the highest of 60 industries across the economy. An average pub's rates bill equates to about four per cent of turnover, compared to 2p in every £1 of turnover for retail trade, and an average of 1p per £1 across all 60 industries in the analysis. As we were told by one operator, the hurt of seeing a 404 per cent rates increase imposed on a pub is exacerbated by being unable to deduct any HQ costs for the on-line elements of their business, such as the digital sales team and web team^{xx}.
- 46 The revaluations since 2017 appear to have made matters worse. The Treasury's offer of a two-year business rates discount of a third (for pubs and other retail businesses with a rateable value of less than £51,000) is a welcome move for the pubs it benefits, but it fails to address the underlying problems. Mandy McNeil (Save St Alban's Pubs) suggested it would work better if everyone got tax relief for the first £51,000 regardless, allowing some help whilst things were being sorted out through appeal.

Additional resource is needed as a priority to address the worst of the ills in the valuation process. It should then be asked what in the current system is causing pubs to be so disproportionately burdened: poor implementation of policy leading to inflated ratable values? the complications of the appeals system? limited resource at the VOA or the continued increase of the UBR? All pubs should be allowed to claim the £51,000 threshold relief.

Valuations

- 47 The crux of the problem concerns the valuation of a pub's trade. Pubs aren't rated by square footage, like other forms of food retail, but by turnover. The Valuation Office Agency (VOA) has guidance (agreed by the industry prior to the 2017 revaluation) as to how this turnover should be correlated to an agreed level of 'fair maintainable trade', which should ensure that operators aren't penalised for being efficient or for investing in their business. However, the guidance appears to have been ignored, or woefully misunderstood, by valuation officers. Mandy McNeil told us of her campaign to draw attention to this having seen the impact on St Albans Pubs, where the VOA had set rates using an average measure of 10 per cent of notional pub turnover. This had resulted in local rates bills increasing by several hundred per cent, in one case from £27,000 to £103,000. We heard from Licensee Tanya Williams of the thankless task in trying to explain her pub's workings to a valuation officer, who simply didn't understand the nature of her trade.

There is a clear and urgent need to invest in better resource at the VOA to ensure guidelines are understood and implemented fairly, and a good argument made that at the next revaluation in 2021 that pubs make an annual on-line self-assessment which the VOA could then follow up. There seems to be a dismissive notion that the sector cannot be trusted to provide accurate evidence of trade. We urge this to be put right before more pubs become unnecessarily and unjustly marginal businesses.



Appeals

- 48 There's seldom a prospect of a quick fix for operators seeking to challenge their valuations. Suzanne Baker told us that Stonegate had 20 appeals outstanding from the 2010 re-rating. Mandy McNeil explained the VOA's advice for the new on-line appeals system was to check if nothing had been heard for 45 days and then to chase again after 18 months. We challenge anyone to be undaunted by the real-life prospect of this: facing a two-year delay to have an appeal considered, whilst looking at the next six months' profits haemorrhaging away in a contested bill.

The VOA must be resourced to address the logjam in the rates appeals process; it is not acceptable that licensees face prolonged uncertainty, impacting their wellbeing and livelihoods. For as long as a backlog remains, pubs should be cleared to continue to pay the lower of the two rates, pending outcome of their appeal.

More broadly, the incentives and disincentives in rate relief need to be assessed for their impact on providing facilities such as ATMs.

Rural rate relief

- 49 The House of Lords select committee report *'Time for a strategy for the rural economy'* (HL 330) found that although some rural pubs now host the last remaining village store, Post Office or other community asset, these do not appear to be factored into the decision process for determining eligibility for relief.

In view of all the evidence we have heard, **we echo the committee's call for a review of the impact of small business and rural rate relief provisions on rural pubs** and other businesses that may be providing essential services and amenities beyond their primary commercial activity.

Impact on investment

- 50 The rates system should be reviewed for its impact on investment. Kris Gumbrell told us how Brewhouse and Kitchen invested in re-opening a pub which had been closed for four years, to be hit by a £27,000 increase in its rates bill before he'd had a day's trading. This sits ill with the national imperative to encourage investment in declining high streets.

We recommend that an offset period of two years is allowed for any investment. This tallies with the system in Scotland and, among other things, equates with the current length of time for an appeal. Otherwise, as one licensee pointed out, why invest if you'll be penalised and can just tick along without? Or as mentioned in a written submission from a medium-sized business with

operations across Europe, why invest in your UK assets when business rates, and rates of increase, are so much lower elsewhere?^{xxi}

- 51 We heard that different councils read different interpretations of their freedom to set lower business rates for the first year of operation.

We strongly recommend that more councils explore the flexibility accorded by the Localism Act in encouraging operators to invest in new businesses, particularly if the buildings concerned are heritage sites, expensive to renovate and make fit for purpose, but possibly key to regenerating a high street.

6.3 Cumulative costs of regulation

- 52 The inquiry heard the cumulative costs of regulation on pubs amount to £1 in every £3 of turnover. For the 80 per cent of pubs that are small businesses, this cumulative impact means limited headroom for absorbing any further marginal increases – imposed by regulatory or other inflationary costs. On the positive side, it means they secure relatively great gain from any lightening of their costs – be it through duty reduction, rates or other matters brought to our attention below. Witnesses gave varied responses as to where they would prefer to see costs removed, but with rates and duty the two top mentions; Adrian Cooper told us the comparative costs were 12p for every £1 of turnover in excise duty and 4p in business rates^{xxii}.
- 53 The APPBG's 2009 inquiry covered many examples of unintended costs and consequences of regulation. We urge government to be particularly wary of the impact on the pubs sector of regulations in the pipeline, such as calorie labelling. There's a huge difference in the way new labelling requirements would impact pubs rolling out menus across several sites, compared to the time and expense incurred by licensees without that back-office support. Tanya Williams told us of the time and effort she had to put in to keep staff on top of menu changes and labelling requirements. We also heard how proposals to regulate calorie labelling could backfire on wider health initiatives, if they drove pub kitchens to pre-prepared or processed meals instead of encouraging menus from freshly sourced, local ingredients.

Any new proposals for food labelling must assess the impact on small businesses and the dangers of cutting across local sourcing initiatives, and fresh food supplies.

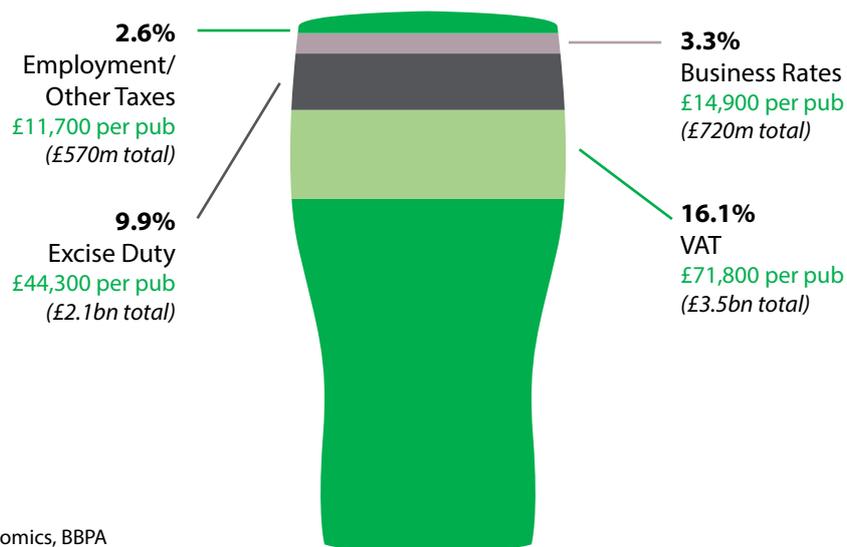


Licensing – late-night levy

- 54 When asked what regulations should be removed as unnecessary burdens, we heard a repeated request for the late-night levy to be scrapped. Ten licensing authorities in England and Wales currently use their power to impose a levy during a 'late-night supply period' with the net revenue going towards the costs of policing the late-night economy. Witnesses explained these are costly and they sit ill with the notion of a partnership approach, as they effectively penalise responsible operators.

Instead of opting for a late-night levy, we urge licensing authorities to encourage action through Pubwatch, Best Bar None, Community Alcohol Partnerships and Business Improvement Districts. As we heard from our visits, far better the operators in an area are brought together to encourage best practice, in conjunction with the police and licensing, than they are obliged to pick up the tab for policing miscreants that they've no wish to see in the area.

One in three pounds spent in pubs goes to the taxman



Source: Oxford Economics, BBPA

6.4 Planning challenges

- 55 Many pubs are listed buildings. Licensee Katie Bland outlined some of the costs she and her partner had faced in replacing windows and doors in their listed site, for which no grant or offset was available. Kris Gumbrell and Suzanne Baker both pointed to frustrations in dealing with planning constraints as they sought to renovate closed sites and inject investment in an area. We heard seemingly crazy accounts of local planning decisions taking two years – sufficient time for the company to lose the pub manager and staff, and approximately £200,000 of profit – and heritage officers' seemingly irrational fixations with maintaining a 1970's fireplace at the expense of making a space fit for purpose. In written evidence, Ei Group told us of a listed site in Uxbridge where the managers had three conservation officers and two planning officers throughout the planning process. This added significant delays to the project starting on site. We heard from Everards of the contrasting impact that a heritage officer can make to the speed of a development, and so to the investment in an area.

56 As we heard, there are pockets of good practice – and it needs to be spread because the abiding impression we received is of a limited strategic vision for pubs at local authority level. For planning purposes, pubs should not be boxed off as ‘licensing’, ‘noise’ and ‘nuisance’ in isolation, but seen for their potential employment, local regeneration and community value. In particular, any serious intent to reinvigorate high streets through encouraging a vibrant mix of leisure, retail and residential must address unjustifiable delays and restrictions in investment, in heritage sites and other developments. In this, we urge local authorities to be mindful of the ‘agent of change’ principle protecting live-music venues like pubs. A recent landmark case brought by Shepherd Neame upheld the principle: *The Star Inn*, Guildford, had long been a live-music venue, including hosting The Stranglers. However, conversion of a neighbouring office block to flats led to complaints, and Guildford Borough Council to issue a noise abatement order. Quashing this, the ruling made explicit that responsibility for noise-mitigating impacts rested with the new development.

A better balance is needed between protection and pragmatism when it comes to making high streets viable spaces for pubs as part of regeneration. The agent of change principle should help ensure pubs are not unfairly burdened in the process. Consideration should be given for permitted development in the commercial market on sites which are not listed, and if local authority planning and conservation officers remain a scarcity, local councils should consider drawing from experience with building regulations and allow approved external agents to take up the role of the planning authority with the same powers to speed up the entire process.

6.5 Maximising employment possibilities

57 Adrian Cooper told us the latest data available showed the five years to 2016 had seen employment supported by the pubs sector fall by six per cent across the UK but with some significant regional variations. For example, it fell in the West Midlands by 16 per cent, in the East Midlands by 17 per cent, in the South West by just over 20 per cent, in London just under 20 per cent, in Wales and Scotland by 10 per cent, and by 17 per cent in Northern Ireland. Ellie Hudspith (CAMRA) explained job losses weren’t purely accounted for by pub closures: they were also a result of increasing costs driving operators to reduce staffing.

Fig 3: Pub sector employment benefits, UK, 2011 and 2016

Employment	2011	2016	Change
Direct	592,951	597,349	1%
Indirect	151,443	109,209	-28%
Induced	103,935	87,338	-16%
Total	848,329	793,895	-6%

Source: ABS, NI Census of employment, BBPA, Oxford Economics



58 The sector has changed significantly from the traditional husband and wife team of yore. They still exist – as evidenced by Tanya Williams and her partner and Katie Bland and hers – but they explained they could see it was an increasing challenge to find two people who loved that same industry, and were sufficiently skilled and prepared to take on the challenges of environmental health officers and licensing requirements, alongside the everyday challenges of running a small business. Suzanne Baker told us that Stonegate’s managed pubs tended to be run by single operators, increasingly female. We heard repeatedly that pubs are still a passion business, but that there is an increasing problem in attracting recruits. Heineken wrote that they recently polled over 600 of their licensees, who reported that the top three biggest issues facing them are recruiting and retaining the best talent, rising staff costs and business rates.

Tackling perception – ‘the accidental career’

59 The sector is battling outdated perceptions of the skills needed, and developed, and the employment opportunities presented. Tanya Williams told us people weren’t generally proud to run a pub. The attitude was "You didn’t do well at school so go and be a cook/work in a pub". But she and her partner were running a business with an annual turnover of £1.5m, employing over 40 staff, which last year raised £6,500 for charities and paid £281,000 in tax. She explained they were using skill sets – such as marketing and promotional analysis – which would be viewed as key aspects of a role in any other profession but were somehow discounted in perception of pubs. As another witness queried, it’s a wonder that anyone with the multiple skills required to run a prosperous pub, and the legal responsibilities that go with it, is attracted to it.



Ruth Smeeth and Mike Wood MP with the Golden Lion’s Manager, Anthony Hughes (right) and area manager Jim Fisher (left)

- 60 There is a clear challenge to get the profession taken seriously. Perception is lagging behind reality and “*the language is driving people away*”. Suzanne Baker told us the sector was exceptional in terms of taking people at the start of their careers and growing them to run their own businesses at a very young age. We heard examples of recruits coming in for a temporary bar job and switching in permanently. We witnessed Stonegate’s homegrown policy in our pub visits, where the manager responsible for growing *The Golden Lion’s* business to a £7,000 weekly turnover had started collecting glasses. He had graduated the previous week from the management training programme - one of the 200+ of Stonegate’s employees to have followed this route over the past two years.
- 61 Various solutions were presented, including examining restrictions on sponsoring education material, and more generically, witnesses queried why more hospitality industry representatives weren’t in secondary schools on careers days, talking about hospitality, or designing education modules based on the pub trade, or providing representatives to talk about the career possibilities at local food and drink festivals. We were given evidence of company initiatives underway to tackle negative perceptions of careers in the sector (see box G).

Perception of the employment possibilities in the industry are outdated. The pubs sector and government should work together under the auspices of the Tourism Sector Deal to change this; the sector should redouble efforts to ensure that jobs and careers fit with modern lifestyles.

Investing in people

- 62 The sector employs a disproportionate number of young people – BII estimates 42 per cent are under 25. Kris Gumbrell told us that 43 per cent of Brewhouse and Kitchen’s employees were under 24. Suzanne Baker explained that 48 per cent of Stonegate’s employees were under 25 and said if there was a change in NI contributions moving from under 21s to under 25s it would make it easier to employ more younger people, invest more in their training and keep them in the trade. Many witnesses told us, if they had some of their costs freed up by a reduction on business rates, there would be considerably more freedom to pay a wage, clearly demonstrating this was not a low-skill sector. Another told us there was a need for greater simplicity in employing apprentices – for small operators without ‘head office’ support there simply isn’t the time to work out how to make use of the apprenticeship levy.

- **HM Treasury should review the impact of tax and NI, and incentives** to encourage employment of under 25s.
- **The industry should work with government to ensure apprenticeships** are sufficiently flexible to fit the wide-ranging skills and opportunities, and review their accessibility to small businesses.



Immigration

- 63 We heard that recruitment in London and the South East was very tough, and with Brexit the pressure was likely to get tougher. Kris Gumbrell told us 82 per cent of applicants used to be from the EU but it was now 52 per cent; there were significant queries still about the right to remain and the registration system, and how a points-based immigration system would work, creating real uncertainty. BPPA submitted written evidence emphasising the importance of maintaining the rights of existing overseas workers in the industry and within the supply chain, and recommended that any future immigration system be able to support the necessary levels of staffing; witnesses confirmed that the £30,000 threshold for Tier 2 migrants is set too high, particularly for pub chefs – where there’s an acute shortage.

Future immigration policy must ensure that pubs can source the skills they need to supplement the domestic workforce from outside the UK.

Box G

PEOPLE AND POSSIBILITIES IN THE PUB SECTOR

The British Institute of Innkeeping (BII), the main awarding body for the sector, reports that the hospitality sector creates one in eight new jobs. It has a reputation for employing young people, with 42 per cent under 25. It is an industry that encourages advancement from “bar to boardroom”. It also provides opportunities for some of those furthest from employment, and for those seeking a flexible route for training.

The pub sector is a key driver of skills and training. UKHospitality commissioned a study, *The Workforce Commission*, in late 2018 to identify the strengths and weaknesses of the sector. It found that the hospitality industry is capable of creating thousands of new jobs and up to 200,000 new apprenticeships over the next five years, as well as broader development and learning opportunities.

Initiatives to date include Greene King’s, the largest supplier of apprenticeships in the hospitality sector. More than 11,000 team members have been supported through its apprenticeship scheme since 2011. The company has won numerous awards for its training including a National Apprenticeship Service Top 100 Employer award for three years running.

Ei Group works with Stride Ventures supporting their Pub Pros programme in their leased and tenanted estate (Ei Publican Partnerships). This is a workplace readiness programme mainly targeted at sixth formers and aims to inspire pupils about careers in pubs. Stride has partnered Ei Group pubs with 24 schools and colleges across the country.

UKHospitality and HIT training have collaborated to create the UKHospitality Academy. This aims to provide the ‘gold standard’ for learning in line with a wide range of apprenticeship standards, funded either through the apprenticeship levy or subsidised by the government. The Academy tailors learning for the employer to meet the needs of their business, while ensuring transferability of skills to equip learners for work across the sector. The different levels of diplomas aim to cover the needs of the sector from basic craft skills to higher level apprenticeships, with senior management diplomas the equivalent of a degree.

6.6 Access to finance and investment

- 64 Relentless headlines about pub closures have not been helpful to independent pubs seeking investment. Adrian Cooper told us that the Department for Business, Energy and Industrial Strategy's (BEIS) most recent small business survey found financial services were some way down the list of obstacles identified by SMEs in the food and beverage-serving sector, but we also heard that negative perceptions of the sector were causing problems in accessing investment finance and in securing preferential utility contracts, among other things – Punch told us they now negotiated utilities centrally for their tenancies so as to secure better deals. We heard that banks had apparently downgraded the sector, increasing the cost of borrowing and changing the dynamics of an investment overnight. And where finance was offered, it was on terms which didn't fit the cash-flow needs of a start-up. There have been some imaginative solutions – such as the partnership between Titanic Breweries and Everards, which resulted in the café bar we visited and the Trafford Enable Give scheme, which provides start-ups with an unsecured loan of up to £20,000 – but for many operators including small brewers looking to secure a route to market this has clearly become a serious barrier to growth. There are SMEs with ideas to be tapped, in a sector which relies on innovation to succeed, but 'category management' by banks is working against it.
- 65 Kris Gumbrell told us that banks were reluctant to loan until the business model was a success. Foreign investment had dried up because of the pound. He said that he had used EIS to get started, but this was no longer available following the 2015 Treasury rules change. He suggested reviewing EIS to provide a community route to invest, a recommendation we endorse. We also take note of *Pub is The Hub's* recommendation to review the availability of loans through the Public Works Loan Board, where the parish council is prepared to be supportive.



L-R: Bob, Trentham: Andy Slee and Keith Bott (Titanic), Ruth Smeeth, Mike Wood MP, Stephen Gould (Everards)



66 Two other finance-related barriers were identified by witnesses. First, Katie Bland explained the challenges in accessing grants. As a business, she had been disbarred from applying for grants for local services from organisations such as Power to Change. These would have been available had they been a co-operative, community group or social enterprise. Second, the shift to electronic payment is impeding cash flow for many operators: we heard payments taken on a Saturday night may not be free to draw on until the following Thursday.

We recommend the pubs minister convenes a roundtable on access to finance with lenders and pub sector representatives; as part of this review, we recommend examining the case for revising the EIS scheme to support community investment as well as the availability of the Public Works Loan Board loans.

We ask grant-making bodies to review restrictions on funds for delivering community services to ensure small businesses, such as pubs, are not ineligible by virtue of being profit-making enterprises.

6.7 Access to public transport

67 Pubs face similar challenges to other parts of the night-time economy in ensuring customers and staff have access to transport. For rural pubs such as Katie Bland's, this is particularly challenging given the extremely small size of the local population and complete absence of public transport. Martin Wilby outlined various initiatives Norfolk council had trialled, including subsidised community-hopper buses, but pointed to the expense in securing regular rural links. As Sacha Lord outlined in his blueprint, transport is critical to successful regeneration.

We urge local authorities to address this strategically in their plans for the night-time economy.

7 BLUEPRINT FOR THE FUTURE

68 The volume of evidence heard and received by our inquiry included several case studies. Some have been referred to earlier in this report. The following highlight the areas we consider ripe for pubs' potential to be leveraged by informed and sympathetic government policy: in local regeneration, in 'caring' for and within local communities and in providing employment and career possibilities.

Box H

THE MANCHESTER BLUEPRINT FOR REGENERATION

Sacha Lord is the entrepreneur behind the UK's largest metropolitan festival – Parklife – and Manchester's Warehouse Project. A year ago he was appointed by Manchester Mayor Andy Burnham, as 'Night Tsar', with a brief to understand what was needed to diversify, strengthen and grow Manchester's night-time economy. Their joint vision is for Greater Manchester to be "*one of the best places in the world to go out, stay out, work and run a business between the hours of 6pm and 6am.*"

Sacha's blueprint for Manchester was published shortly after he gave evidence to our inquiry. It echoes the messages we heard from him and other witnesses about the critical importance of relevant partners – operators, businesses, residents, local authority, transport, police, community organisations – pulling together to address five key challenges for the night-time economy:

- **Safety** – for workers, residents and all concerned
- **Connectivity** – ensuring the transport and connections for work and leisure
- **Diversity** – providing something for everyone
- **Skills, careers and wellbeing** – what's needed to support careers, not just short term jobs, in the night-time economy
- **Regeneration and international reputation** – ensuring a thriving economy across all communities; recognising the night-time economy's importance in regenerating high streets in place of the traditional retail-led model.

Specific pledges have been made for action by April 2020: from developing a voluntary standard as a kite mark for good employment practice, to implementing the 'agent of change' principle to ensure residents and the night-time economy can co-exist.

The successful transformation of Altrincham market (see Box B) shows how this blueprint can work in practice. Trade associations including UK Hospitality and the British Beer and Pubs Association have since endorsed the Manchester blueprint, calling on all mayoral authorities to take a similar approach to understanding the importance of their night-time economies, and the steps necessary to boost them. We join them in this.



Box I

AN EXEMPLAR OF LOCAL INITIATIVE

The challenges, and opportunities, for pubs on a very local scale were brought into sharp focus for the inquiry by Katie Bland, co-owner of the *Bird in Bush*, Elsdon. On the face of it, the rural context of her Northumberland pub (parish population 250) has little in common with Greater Manchester. But Sacha Lord's blueprint for Manchester's night-time economy and Katie Bland's for Elsdon have similar visions: pub-led regeneration bringing communities to life.

When *The Bird in Bush* closed, Katie told us, "*Part of the community died*". She and her partner Stephen Shaw were new to the pub trade but bought up their local, determined to provide a welcome for all: "*It is all about inclusivity and encouraging the community to feel that Bird in Bush is their pub*". It now hosts a library service and a digital hub for locals and visitors, a parcel collection and drop-off service for couriers; newspaper collection from the local shop; a 'warm hub' scheme on Thursdays and Fridays with Community Action Northumberland to provide a home-from-home space; an exhibition space for local artists; a tourist information point and workshop sessions with local artists, crafts people and musicians. At the rear of the pub, the First and Last Brewery provides beers for the pub as well as offering guided tours and day or weekend brewing experiences, and outside in the pub garden, a pizza oven will be built as part of a community project to create the only takeaway-food outlet in the village.

However, it took the expertise of *Pub is The Hub*, support of the local community and the drive, determination and deep pockets of its new owners to get it going. Grants aren't readily signposted nor always available to pubs as businesses, planning isn't naturally sympathetic to the costs and challenges of listed buildings restoration, and (non-existent) public transport totally unhelpful to making a rural pub a going concern.

A strategic overview of priorities, as called for by *Pub is The Hub*, would help confront these issues head on: local authorities developing a collaborative plan to identify the gaps in local services, then supporting local pubs in those areas to consider providing the identified amenities, be they libraries, cafés, ATMs or other. PiTH's Local Community Champions programme seeks to deliver this. Cllr Martin Wilby of Norfolk County Council, told us of his positive experience of the programme and of pubs engaging with the council through *Pub is The Hub* in Norfolk.

The programme has been part-funded to date by government. As recommended elsewhere, we urge further funding in light of the benefits delivered.

Box J

THE POSSIBILITIES FOR INCLUSIVE EMPLOYMENT

The hospitality sector invests thousands of pounds each year in each employee. It nurtures the UK's soft skills base, increasingly under threat in an era of digitally interactive communications. The industry is calling out for greater support for training, including more generous tax breaks for a greater range of training opportunities. The following are examples of some projects underway:

- **Only a Pavement Away** is a charity founded by representatives from the hospitality industry who believe that everyone deserves the chance to find and forge a career. It is a conduit to employment for people struggling to get into work, helping them find jobs within the hospitality, pub and restaurant industry and so negating the need for living on the streets. This isn't just about 'doing good'; the project is underpinned by strong commercial and financial benefit to the industry whilst reducing the strain on government funding for those who find themselves in such extreme circumstances.
- **The Clink Charity** is working alongside Her Majesty's Prison and Probation Service to reduce reoffending by providing prisoners with the opportunity to gain new skills and qualifications in catering. Prisoners at each of The Clink's training restaurants work up to 40-hours a week whilst working towards City and Guilds qualifications. The charity supports its graduates to help them secure accommodation upon release, offering a real chance to return to the community and turn their lives around. The excellent outcomes of this programme are underlined by the Justice Data Lab audit that showed that prisoners are 49.6 per cent less likely to reoffend after entering the programme.
- **Releasing Potential** In January 2019 Greene King announced this new ex-offender employment programme, which will employ 50 ex-offenders in its first year, in partnership with Only A Pavement Away.





Photo: The Bird in Bush, Elsdon: Katie Bland and Stephen Shaw by the library

8 CONCLUSIONS

- 69 This report has made free use of the term ‘pubs sector’, however the expression covers an extraordinary diversity of businesses, offerings and licensees. It’s thus not surprising that we have no ‘one size fits all’ prescription to unlock the full potential of this industry. Instead, we emphasise that this is a ‘sunrise sector’: for employment, for investment in communities and for innovation, and that pubs’ economic viability is core to unleashing their considerable potential. If they are to realise their possibilities their concerns must be heard. They can’t be haemorrhaging often slender profits in disproportionate tax bills nor have investment tied up in red tape.
- 70 We hope this inquiry provides a starting point for all policymakers, national and local, to consider how pubs can help deliver a variety of policy objectives, and how they can partner with pubs in unlocking this potential.



ALL-PARTY PARLIAMENTARY BEER GROUP