IPPR

REPORT

PUBS AND PLACES

THE SOCIAL VALUE OF COMMUNITY PUBS

Rick Muir

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Institute for Public Policy Research

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ABOUT THE AUTHOR

Rick Muir is associate director for public service reform at IPPR.

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Any omissions and errors remain the author's, and the report's analysis and recommendations do not necessarily represent the views of the project's supporters.

ABOUT IPPR

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IPPR
4th Floor
14 Buckingham Street
London WC2N 6DF
T: +44 (0)20 7470 6100
E: info@ippr.org
www.ippr.org
Registered charity no. 800065

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EXECUTIVE SUMMARY

Community pubs are one of Britain's oldest and most popular social institutions. However, they are currently under pressure, with 16 pubs closing every week. This report assesses the social value of community pubs, showing why pubs matter, and why we should be concerned about the current state of the pub trade.

An audit of Britain's community pubs

The audit of community pubs in this report shows that their numbers have been falling gradually for decades, but that closure rates have accelerated in recent years. Why are so many pubs closing? A number of connected factors have played a role.

- Alcohol consumption tends to rise and fall with economic prosperity and the downturn in the economy has affected pub incomes.
- Many of the old industrial and village communities surrounding local pubs have changed out of all recognition, reducing the number of devoted pub regulars in some areas.
- Tastes and lifestyles have changed, with more people drinking wine and fewer people drinking beer, the mainstay of most pub income. The pub has faced competition from alternative leisure pursuits, such as the restaurant and the cinema. There has also been a significant rise in the number of people drinking at home, rather than in pubs and bars.
- Beer prices have gone up in pubs and bars much faster than in shops and supermarkets. Supermarket discounts are thought to be one of the major factors in falling pub incomes.
- Pub operators have faced rising costs as beer prices have increased and major legislative changes have imposed significant additional costs.
- There is evidence that tenants of some of the large pub companies are finding it hard to compete because of the higher prices they are paying for their tied beer. There is a lack of transparency in the way some pub companies calculate their rents.

Why do pubs matter?

Pubs are more than just private businesses selling alcohol. Many pubs also play an important role at the heart of their local communities.

- Pubs provide a meeting place where social networks are strengthened and extended: the pub scored the highest of any

location in our survey asking people where they get together with others in their neighbourhood.

- Pubs inject an average of £80,000 into their local economy each year. Pubs add more value to local economies than beer sold through shops and supermarkets, simply because they generate more jobs. Beer sold through pubs also generates more funding for the public purse than beer sold through the 'off trade'.
- While alcohol is linked to problems around crime and disorder, very little of this comes from community pubs serving residential areas.
- Pubs are perceived by people to be the most important social institution for promoting interactions between people from different walks of life.
- Pubs host a wide variety of community-oriented events and activities that add considerably to local civic life.
- Many community pubs are becoming hosts for a range of important public services, including post offices and general stores, and providing broadband internet access.
- Community pubs, or at least pubs with certain characteristics, also have a cultural as well as a practical community value. This is because pubs are felt to offer things such as tradition and authenticity that are becoming rarer in a world transformed by global commercial pressures.
- This report uses a 'social return on investment' methodology to measure the wider social value generated by a sample of community pubs, and finds that this ranges from around £20,000 to £120,000 per pub.

Time for change

The current policy framework regarding community pubs contains three major flaws.

- It is too indiscriminate: all licensed premises have to carry the burden of new regulations and increased taxation, but the smaller community pubs that cause so few problems are those least able to take on these additional costs. We need a more nuanced approach that targets the problem drinking places, and rewards and incentivises pubs that play a positive role in their local communities.
- It is counter-productive, particularly in terms of tackling crime and disorder: by making beer in pubs more expensive while beer in shops and supermarkets gets relatively cheaper, policy is drawing people out of the regulated and supervised drinking environment of the pub.
- Policy fails to recognise that very many pubs are more than just businesses and perform important community functions which if lost can have a serious impact on the quality of local community life.

Recommendations

To provide greater support to the majority of well-run community pubs, IPPR makes the following recommendations:

- Business rate relief for 'centres of community': where pubs act as local community hubs they should be granted 50 per cent business rate relief. We have produced a method for measuring the social impact of a community pub which could be used to determine which pubs should qualify.
- Eligibility for third sector finance: some pubs could apply to become community interest companies and apply for third sector grants and loans to develop the community-oriented side of their business.
- Reform of planning law: to provide greater protection for community pubs. In particular the government should close the loophole in the law that allows pubs to be demolished without planning permission.
- Buying pubs: greater support for existing tenants to buy their pub.
- A minimum price for a unit of alcohol: to prevent irresponsible promotions and close the gap between the 'on' and the 'off' trades, a minimum price per unit of alcohol should be introduced.
- The relationship between the large pub companies and their tenants: this relationship needs to be rebalanced. Pub companies with more than 500 pubs offering commercial FRI leases over a period of time to provide flexibility to lessees including a guest beer option and an option to become free of 'tie' accompanied by an open market rent review. There should be a single stronger and more comprehensive code of practice supported by an independently constituted adjudicator with the ability to provide redress to lessees where the code is breached.
- Diversification: pubs themselves need to diversify what they offer and keep pace with consumer tastes and demand.
- Training and development: the pub trade needs to develop a stronger culture of training and professional development.

There is no one magic bullet that will simultaneously solve the problems facing Britain's community pubs. However, taken as a whole, the package of measures recommended here should ensure that local pubs can continue to play a role in supporting community life for many generations to come.

1. INTRODUCTION

There are few institutions so central to Britain's culture and way of life as the local public house. Try to imagine *Coronation Street* without the Rover's Return, *Emmerdale* without the Woolpack or *EastEnders* without the Queen Vic. Outside the home, the pub is the most popular place for British people of all ages and classes to relax and socialise.

And yet pubs are under pressure. Some of this pressure is economic in nature: many pubs are closing, having been caught in a dangerous cross fire between changing consumer tastes, intense supermarket competition and the current economic downturn.

Pubs have also come under political pressure because of concerns about rising levels of alcohol consumption and the impact that has had on levels of crime and disorder: we are all familiar with the scenes of so-called 'binge drinking' in our town centres on a Friday and Saturday night. There are also concerns about the impact of excessive alcohol consumption on people's health, and tackling this is one of the motivations for increasing alcohol duties.

The vast majority of community pubs are well run and contribute in a positive way to local social life. Despite this, the policy instruments used to suppress excessive drinking have put financial pressure on local community pubs right across the country. This report argues that we need a more nuanced approach.

The report does three things:

- It audits the health of the community pub trade in the UK and concludes that pub numbers have been in decline for decades, with closure rates accelerating in recent years. It then goes on to explain why so many pubs have closed, discussing the impact of the wider economy, changing consumer tastes, government policy and the ownership structure within the pub trade.
- It sets out why community pubs matter and why we should be concerned about the number of pubs that are closing.
- It makes the case for a more active role for government and other actors in supporting community pubs and recommends a number of policy changes that should help secure the future of Britain's community pubs in the years ahead.

Before going on to explore the current challenges pubs face, this introductory chapter helps to frame what follows by defining what a

community pub is, describing the composition of the pub trade, and outlining how we conducted our research.

1.1 What is a community pub?

A 'community pub' is not easy to define, largely because there is no such thing as a typical British pub and, if anything, the range of bars and drinking establishments has become more varied in recent years (Fox 1996, Jennings 2007). People often make a distinction between pubs and bars, for example, and few people describe large city centre circuit bars as pubs.

The concept of the pub is a fuzzy one, a constellation of popular understandings of what a typical pub looks like that has evolved over time. In one of the earliest anthropological studies of the British pub, undertaken in Bolton in the 1930s, Mass Observation concluded that 'the pub, reduced to its lowest terms, is a house where during certain hours everyone is free to buy and drink a glass of beer' (Mass Observation 1943: 17). Ben Davis builds on this by emphasising the social orientation of the drinking that occurs in a pub, which is definitive of it: 'A pub is a house open to the public at stated times for the purpose of social drinking. Any other purpose, such as eating or entertainment, is incidental' (Davis 1981: 2).

In this report we are concerned specifically with community pubs, which market researchers CGA Strategy define as 'pubs that serve predominately their local residential community'. These pubs make up 57 per cent of the total licensed on trade in the UK (CGA Strategy 2009). These can be distinguished from town centre bars which serve mainly after-work or weekend drinkers and which have been the focus of concerns about binge drinking in recent years. Community pubs can also be distinguished from food-led pubs, which people visit predominantly to have a meal rather than to drink (see box 1.1 for the CGA drinks places typology).

Community pubs have two distinct but intrinsically related functions. One is as a retail outlet to sell alcoholic drinks and the other is as a place for social interaction (Boston 1975). The drink and the socialising of course go hand in hand: after a few alcoholic drinks, the often random social encounters that occur in pubs become much easier as people shed their inhibitions. A pub without drink would not be a pub.

At the same time, pubs are not just about beer: if everyone visited a pub to drink alcohol on their own, a definitive component of pub culture would be lost. The community pub at its heart is an institution for social drinking and it is from fulfilling that function that so many of its positive benefits flow.

Box 1.1: A breakdown of the 140,000 on-licensed premises in the UK

- Town centre pubs, bars and clubs: 16 per cent (22,000)

An outlet in a town/city centre location on a 'circuit'. Many are owned by chains such as O'Neills, Wetherspoons, Yates's Wine Lodge.

- Food-led pubs: 7 per cent (10,000)

An outlet with a recognised retail brand, with food as the primary focus. For example, Beefeater, Harvester and Brewers Fayre. This also includes pubs in which the sale of food is significant to overall sales.

- Local/community: 57 per cent (40,000)

Pubs that serve predominantly their local residential community. This includes pubs in many different types of area, including inner city pubs, village pubs, and estate pubs, and aimed at different clienteles, such as family pubs, student pubs, sports pubs and music pubs (Fox 1996).

- Licensed accommodation: 11 per cent (15,000)

A mixture of businesses whose focus is an overnight stay, short breaks or holidays.

- Licensed restaurants: 15 per cent (21,000)

Restaurants with a licence to sell alcoholic beverages with meals.

- Sports, social and members' clubs: 23 per cent (32,000)

Clubs that are licensed and operated for the benefit primarily of their membership.

Source: CGA Strategy 2009

1.2 The changing composition of the pub trade

Community pubs operate under many different forms of ownership and management, ranging from independent free houses to pubs owned by large pub companies or 'pubcos'. The whole way in which pubs are owned and run has changed significantly in the last 20 years and, before we move on, it is worth recounting the story of how that change came about.

Over the course of the last century the number of breweries in Britain fell from 6,290 to just 115 by 1989 (Haydon 1994). By the end of the 1980s over 75 per cent of Britain's beer was produced by just six large brewers: Bass Charrington, Allied, Whitbread, Watney Mann, Courage, and Scottish & Newcastle. These national brewers also owned half of the country's pubs, meaning that most pubs were tied to a big brewer and could only sell that brewer's beer (Jennings 2007).

In 1989, the Monopolies and Mergers Commission (MMC) concluded that this vertical integration of the industry, with the big brewers controlling most of the pubs, constituted a monopoly which reduced consumer choice and operated against the public interest. It proposed that the brewers' monopoly over the pub estate should be broken up to encourage competition and reduce retail prices.

Margaret Thatcher, who of course hated monopolies, backed the MMC's recommendations and passed the 1989 Beer Orders. These meant that brewers owning any more than 2,000 pubs either had to sell their brewery business, or dispose or free from tie half of the number of pubs over 2,000 that they owned (Jennings 2007, Kingsnorth 2008).

This was a revolutionary act that transformed the structure of the pub trade, but did not have the consequences anticipated by the government. Instead of leading to a world of independent licensees free of beer ties, the brewers divested their pub estate to stand-alone pub companies, who were free to own as many pubs as they wanted because they did not brew their own beer. The pubs owned formerly by the brewers were almost entirely put into the hands of the new pub companies (see table 1.1).

By 2009, pubcos owned 51 per cent of the pubs in the UK, with the six largest pubcos owning 32 per cent, and with Enterprise Inns and Punch Taverns owning 21 per cent between them. Of the remaining pub stock, 16 per cent are owned by small or regional brewers and 32 per cent are freehouses (see table 1.1).

In most cases the pubcos let out their pubs to tenants who run their own business, although around 6,000 are managed directly by the pubco. In addition to paying rent, pubco tenants normally have to purchase almost all of their drink from the pubco. This relationship has become increasingly fraught as economic conditions have worsened and pubco beer prices have increased. It has become apparent to many licensees that they could buy their beer more cheaply on the free market if they were able to do so.

It is worth emphasising that the bulk of these pubco pubs are community pubs, serving local residential areas, although some will also be town and city centre circuit bars or branded chain pubs. Our focus in this report is on community pubs of all kinds, whether freehouses or owned and/or managed by a pubco or brewer.

Table 1.1
Ownership of UK pubs by type of operator, 1989, 2004, and 2009

Ownership type	1989	2004	2009
National brewers			
Tenants/leased	22,000	0	0
Managed	10,000	0	0
Subtotal	32,000	0	0
Regional brewers			
Tenants/leased	9,000	5,972	6,500
Managed	3,000	2,617	2,400
Subtotal	12,000	8,589	8,900
Independent pub companies			
Tenants/leased	Negligible	23,857	22,300
Managed	Negligible	10,268	6,100
Freehouses	16,000	16,850	18,230
Subtotal	16,000	50,975	46,630
Total	**60,000**	**59,564**	**55,530**

Source: House of Commons Trade and Industry Select Committee (2004: 8); BBPA 2011

Table 1.2
Estimated number of public houses owned by large pubcos, 2011

Pubco	Number of pubs
Punch Taverns	5,080
Enterprise Inns	6,800
Admiral Taverns	1,700
Mitchells & Butlers	1,600
Scottish & Newcastle Pub Company	1,400
Spirit Group	1,352
Wellington Pub Company	850
JD Wetherspoon PLC	790
Trust Inns	567
LT Pub Management	500

Source: BBPA 2011: 115–117

1.3 IPPR's research

There were six main components to the research:

- A review of the literature on the British public house, including work on the history of the pub and anthropological studies of pub behaviour.
- A national omnibus poll of 1,057 people which gauged public attitudes to the pub and tested its importance to community life. This poll took place from 7 to 11 January 2009.

- Twenty interviews with pub licensees from around the country to understand the pressures they are under and the role their pubs play in their local communities. These were licensees from a mixture of rural and urban pubs, and from freehouses, managed houses and tenanted houses (whether owned by a pub company or a brewer). This sample was chosen from a selection of pubs recommended by the Campaign for Real Ale and highlighted by the Pub is the Hub organisation, plus half were selected randomly by the author (see appendix A). It could not, and is not intended to be, a nationally representative sample.
- Three focus groups with pub regulars, selected on site by the author or by recommendation of the licensee.

  The aim of the groups was to explore in detail with pub regulars their motivation for frequenting their local pub and what they got out of it. These were all 'wet-led' – that is, earning most of their income from drinks – community pubs serving a local residential community. They included an urban pub situated in Hackney, East London. Another was a rural pub, one of a number serving a Hertfordshire town and its surrounding area. The final group took place in a village pub in Cambridgeshire, which was the single remaining pub in the village. The Hackney and Hertfordshire groups took place on Wednesday evenings in December 2008 and January 2009 respectively. The Cambridgeshire group took place on a Friday lunch time in January 2009. The overwhelming majority of the pub regulars recruited were male and middle-aged, simply because these were the regular pub-goers encountered on site or recommended by licensees. The objective behind the focus group research was not to question a representative sample of the pub-going population; rather, it was to understand in greater depth the motivations and experiences of a selection of regular pub-goers. The focus groups were all held in the pubs themselves. Appendix B sets out the details of each group and some characteristics of the participants.
- A roundtable seminar held at IPPR (London) on 25 February 2009 at which we presented our preliminary research findings, attended by a wide range of stakeholders from across the pub trade, as well as policymakers, academics and independent commentators. Gerry Sutcliffe, sports minister at the time, and Mike Benner, chief executive of the Campaign for Real Ale, responded to the presentation.
- For the second edition of this report in 2012, IPPR applied a social return on investment approach in order to calculate the social value of five community pubs in detail (see appendix C).

2. LAST CHANCE SALOON?
AN AUDIT OF BRITAIN'S COMMUNITY PUBS

> 'When you have lost your inns, drown your empty selves, for you will have lost the last of England.'
> Hilaire Belloc (1948)

2.1 Pub closures

The British pub trade is in trouble. In total 1,300 pubs closed in 2010, down slightly from the 2,365 pubs that closed in 2009. Pubs were closing at a rate of 16 a week in the second half of 2011, down on the 52-a-week peak closure rate in the first half of 2009. Although these latest figures have fallen, closures remain at historically high levels (BBPA 2010 and 2011).[1] Community pubs serving their local residential community appear to have been hit the hardest. The British Beer and Pub Association (BBPA) estimated that suburban pub closures in the last six months of 2008 were running at 19 a week, compared to eight a week for town centre pubs and 13 a week for rural pubs (BBPA 2009). While few might mourn the loss of large city centre circuit bars, suburban and village pubs provide a whole range of social and community benefits that are put at risk whenever such pubs fail.

These figures showing high numbers of pub closures would not be so alarming if the rate of new pubs opening was keeping pace. However, the evidence is that the overall number of pubs in the country is falling: according to the BBPA there were around 55,000 pubs operating in Britain in 2010, compared to around 59,000 in 2004 (BBPA 2010).

This is not just a phenomenon of the last few years, but has been going on for well over a century. As Mass Observation noted, in the 1930s: 'The pub today plays a smaller part in the life of the town than it ever did' (Mass Observation 1943: 74). The ratio of on-licences to people fell from one for every 201 people in 1871, to one for every 458 in 1921, to one for every 761 persons by 1971. Between 1951 and 1971, the number of on-licences in England and Wales fell by 13 per cent from 73,421 to 64,087, of which 61,000 were pubs (Jennings 2007). Although there was a rise in the number of on-licences granted in the 1980s and 1990s, the BBPA estimates that the number of pubs in the UK fell from around 66,000 in 1986 to 57,503 in 2007 (APPBG 2008, BBPA 2009).

A 2008 Morgan Stanley analysis of the state of the leased pub trade (those pubs let out to tenants by pub companies or brewers) found that

1 'Pub openings and closures, June–Dec 2011' data by CGA Strategy for CAMRA, provided to IPPR.

there were increased numbers of licensees leaving the industry, with the biggest pub landlords (Enterprise Inns and Punch Taverns) showing increased proportions of their estate available to lease: up from 12 and 14 per cent respectively to 14 per cent and 16 per cent over the course of 2008 (Rollo et al 2008).

The Morgan Stanley report further concluded that 'trading remains poor, the leased pub business model is coming under pressure, balance sheet risk is growing, and we think the (pub) companies need to focus on paying down debt' (Rollo 2008: 3). It had become apparent that the large pub companies that owned so many of Britain's community pubs were under significant financial pressure, as were their licensees. The report concluded that licensees in 17 per cent of pubs owned by Enterprise Inns and 28 per cent of those owned by Punch Taverns were making a profit of under £20,000 a year. This is what they estimate to be a minimum level to make it worth running a pub, amounting to a profit of just £3.30 an hour each for a couple, excluding accommodation benefits, which is lower than the national minimum wage (ibid).

The licensee of an estate pub in Hackney, east London, describes vividly the situation in his local area, showing how many pubs are either closing or having to rapidly change their business in order to survive:

> 'On the Hackney Road, they're all strip joints. There's one pub left, the Jones' Arms. On Kingsland Road they're all gone … there's a gastro-pub, the Fox, with candles, where people go to get something to eat. There's the Lock Tavern … they're living off the rooms. They make their money upstairs, not downstairs. The Wetherspoons is social security. There's the Dolphin, they live off the rooms and they're open all night. Over at the London Fields, they're on the verge of closing down. The Hare, they do jazz on a Sunday night, the Dundee are an estate agents, the Salmon and Ball get passing trade because they're near the station, the Carpenters is a music pub. The Gun is still there, the Rising Sun, that's gone. We've been in a recession for five years.'
>
> Licensee, Hackney, east London

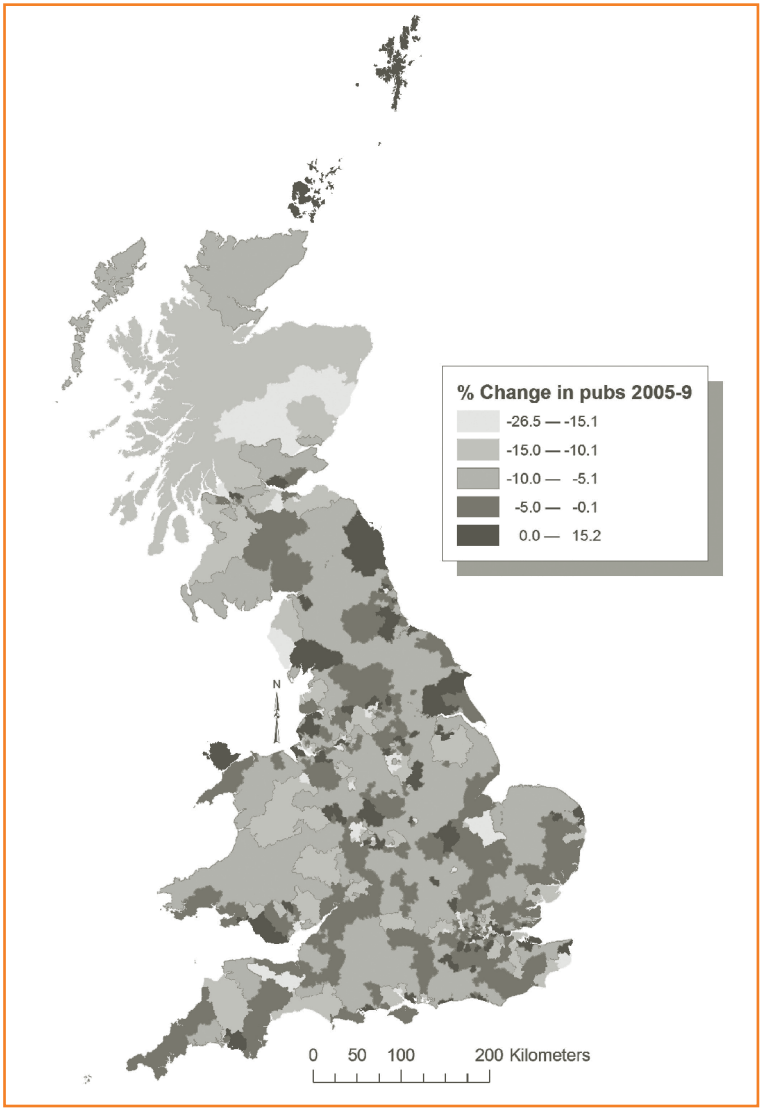
2.2 The geography of pub closures

IPPR commissioned colleagues at Sheffield University to analyse CGA Strategy's pub closure figures by parliamentary constituency and by region of the country. Figure 2.1 shows the percentage change in the number of pubs per parliamentary constituency mapped out across the country between 2005 and 2009. Table 2.1 shows the breakdown of pub closures by region.

This data on the geography of pub closures does not show any obvious pattern. Most parliamentary constituencies and all regions of the country

show falls in the numbers of pubs between 2005 and 2009. But it is clear that some regions have been hit more than others: the West Midlands, Scotland and the North West have seen very sharp falls in pub numbers in the last four years. It is less clear what the reason for this variation might be.

Figure 2.1
Percentage change in the number of pubs in Britain, 2005–2009



Source: Data from CGA Strategy, mapped by John Pritchard, Sheffield University

Region/country	Number of pubs 2005	Net pubs closed 2005–09	Percentage pubs closed 2005–09
West Midlands	6,013	-576	-9.6
Scotland	5,971	-562	-9.4
North West	8,513	-612	-7.2
East Midlands	5,259	-356	-6.8
South East	8,521	-530	-6.2
Wales	4,147	-236	-5.7
East of England	5,562	-311	-5.6
Yorkshire and the Humber	6,181	-322	-5.2
South West	6,507	-334	-5.1
London	6,583	-329	-5.0
North East	2,691	-103	-3.8

Table 2.1 Regional breakdown of pub closures

IPPR asked colleagues at Sheffield University to explore some potential reasons for explaining why pub closure rates might be higher in some areas than others. They examined the correlation at constituency level between pub closures and two other variables: the level of deprivation and smoking rates. The latter was intended to allow us to explore the impact of the ban on smoking in public places.

2.2.1 Deprivation

Deprivation can be studied, in England only, by using the Indices of Multiple Deprivation 2007, or IMD2007 (see CLG 2007). IMD2007 is published at Lower Super Output Area level, which is a smaller geographical area than the parliamentary constituencies for which we have the pub closures data. Therefore, to enable comparison, the IMD2007 data was used to make estimates of the deprivation score at parliamentary constituency level. A correlation can then be calculated between the percentage of pubs that have closed in each area, and the IMD2007 score.

The correlation coefficient is 0.22. This shows that there is a weak positive association between the area level of deprivation and the number of pub closures.

2.2.2 Rates of smoking

The NHS Information Centre for Health and Social Care, in its publication *Healthy Lifestyle Behaviours* (2008), estimated the percentage of people who smoke in each Middle Super Output Area of England. In a similar procedure to the IMD data, this data was used to make estimates of the percentage of people smoking at parliamentary constituency level.

The correlation coefficient is 0.14: a very weak positive association at this geographical level between rates of smoking and pub closures.

2.2.3 Conclusion

The analysis was tentative and intended to find a quick indication of the reason why some parts of the country have suffered more than others. The analysis shows that there are only weak positive correlations between pub closures per constituency, and deprivation levels and smoking rates.

To take the geographical analysis further, we would need to examine the link between pub closures and deprivation and/or smoking rates at smaller geographical levels, such as ward level. If there are links they may be more apparent at that level. The figures also only show net changes which do not tell the whole story of which pubs are closing and where. Finally, for a full analysis we would need to explore the impact of a range of other factors that might explain the variations across the country.

2.3 Explaining rising pub closures

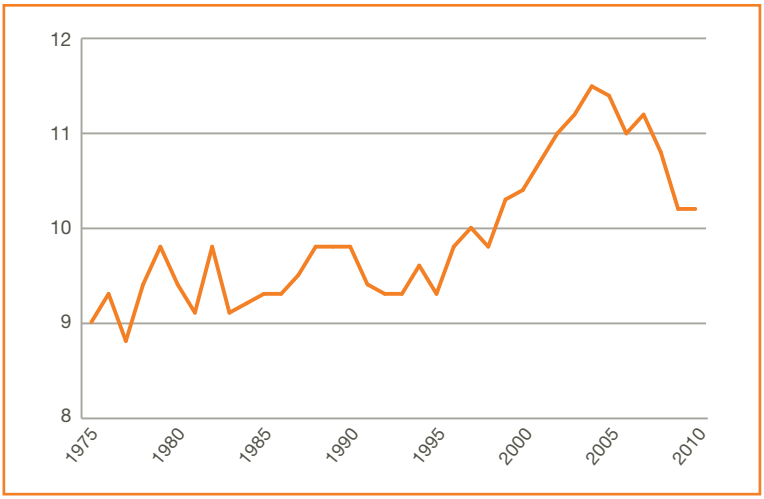
Returning to the nationwide picture, what is causing so many pubs to close? We examine a number of factors that are having varying effects.

2.3.1 The economic downturn

The health of the pub trade has always depended on the health of the wider economy. One of the earliest studies of pub-going behaviour in Britain found that reduced purchasing power was an important factor in the fall in the quantity of beer drunk between the late 19th century and the 1930s (Mass Observation 1943).

Figure 2.2 supports the notion that there is a causal link between alcohol consumption and economic growth, showing falls in UK alcohol consumption that correspond with the economic recessions of the early 1980s and 1990s. It then shows a steady growth in consumption as the economy grew substantially during the last decade and a half.

Figure 2.2 UK alcohol consumption (litres, 100% alcohol per head)



Source: BBPA 2008a: 36

In line with this trend, the current economic downturn has hit the pub trade once more.

2.3.2 Changes to communities

It is not simply the current economic downturn that has been putting pressure on licensees. As we have seen, despite rising alcohol consumption overall, pub numbers have been falling for well over a decade. In part, this is because many of the old residential communities on which community pubs used to depend have changed, some out of all recognition. For example, over the last 50 years, many rural villages have moved from being communities with local employment to dormitory villages or second home locations. The community around the village pub has changed and residents with more widely dispersed friendship networks no longer 'nip down the local'.

Other examples are the former industrial areas where pubs served a male working class population on its way home from work. As those old industries have gone, so too have those large drinking populations.

Finally, many of our towns and cities now have much more transient populations: in London for example, 15 per cent of the population have lived in their present location for less than a year (Travers et al 2007). These more mobile urban populations are less likely to gain an attachment to a local pub.

2.3.3 Changes to tastes and lifestyles

One of the major factors behind this longer-term decline is changing consumer tastes in alcoholic beverages. Beer is the mainstay of pub incomes and yet beer consumption has fallen significantly in the last 30 years (see figure 2.3). We have gone from an overwhelmingly beer-drinking country to a nation with more continental tastes, in particular a growing love for wine.

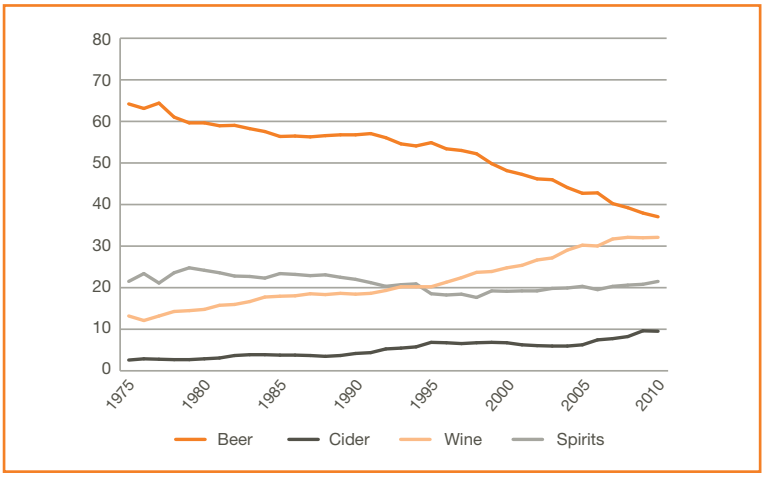


Figure 2.3 UK consumption of alcohol by drink type (percentage share of total UK alcohol consumption)

Source: BBPA 2008a: 36

The pub has also faced competition from alternative leisure pursuits. The relative affluence of the last decade saw a significant rise in the number of people eating out in restaurants and there was a threefold increase in the rate of new restaurant openings between 1992 and 2007 (BBC News online 2007). The rise of the 'gastro-pub' has been one way in which pub owners have responded to this trend. There has also been a significant rise in cinema attendances in recent years, which reached a 38-year high in the summer of 2007 (Independent 2007).

Even more significant for the pub trade has been the shift towards drinking at home. The share of alcohol being purchased in shops and supermarkets has increased dramatically at the expense of pubs and bars. Figure 2.4 shows that the proportion of beer being sold in pubs and bars fell from over 90 per cent in 1975 to just 56 per cent in 2007.

In part this reflects a wider shift towards staying at home due to the growth of forms of home entertainment such as television, DVD players and video games. In recent years, however, there has been a further significant factor encouraging people to drink at home: price.

2.3.4 Prices

In recent decades beer prices have been rising well above the rate of inflation and much of this has been due to increases in beer duty, which in the last decade alone rose from 25p a pint in 1998 to 42p a pint in 2011 (BBPA 2011). These tax pressures are only set to intensify in the years ahead: the 2008 budget introduced an increase in beer duty of six per cent above inflation and an annual two per cent above inflation escalator up to 2013, which has now been extended up to 2015 (BBPA 2008b).

The main problem for the pub trade is that supermarkets and off licences have been able to sell their beer much more cheaply than pubs and bars. Since 1987 there has been a 187 percentage point increase in the retail price of on-trade beer, compared with just a 52 percentage point increase in the price of off-trade beer (BBPA 2011).

In 2007, beer in the on-trade retailed at £4.16 per litre, compared with £1.75 a litre in the off-trade (Ernst and Young 2007).

In more recent years competition has become increasingly aggressive, with some supermarkets able to sell alcohol at or below cost, using them as 'loss leaders' to attract customers through their doors to spend their money on other goods. Many licensees blame these discounts for the decline in the pub trade:

> 'The trade is dying a death. You can't compete with the supermarkets. I was in Tesco before Christmas and they were selling 400ml cans of John Smiths at 15 cans for £7, 40 cans for under £20: that's 45p a can. You can't compete with that.'
> Former licensee, Macclesfield

‘You can get beer for 50p a can at Tesco. This is a takeaway society. People tank up before they come out.’

Licensee, Hackney, east London

As the economy has turned sour, it is the pubs that are suffering more than the shops and supermarkets: whereas on-sales fell by 10.6 per cent in April to June 2008, off-sales fell only by 3.8 per cent over the same period (APPBG 2008).

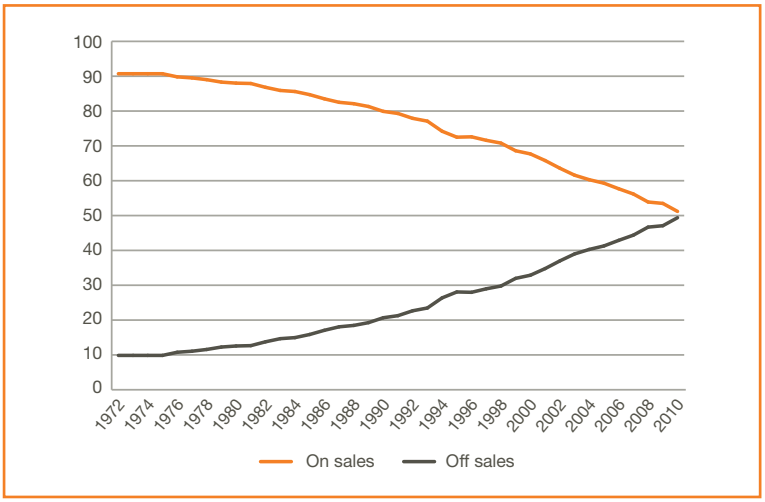


Figure 2.4 UK beer sales via the ‘on’ and the ‘off’ trades (percentage of total UK beer sales)

Source: BBPA 2008a: 20

2.3.5 Costs

Pub licensees have also faced rising costs. Increased materials and utilities prices have been passed on by the brewers in the higher wholesale price of beer. A shortage of malting barley and rising demand for bio-fuels have seen barley prices increase faster than inflation. Packaging costs have also been driven up by rising energy prices (BBPA 2008b).

Licensees have seen their own operating costs increase. For example, licensees have had to spend increasing amounts on entertainment to stay competitive. A recent survey by the Association of Licensed Multiple Retailers (ALMR) found that their members’ third largest cost was entertainment. The 2003 Licensing Act abolished the ‘two in a bar’ rule, which had meant that no licence was required for putting on two live performers. In addition, many pubs rely on live football to bring people through the door, and Sky television fees have continued to increase. These are calculated on the rateable value of the pub and this can be disproportionately expensive for small pubs in higher-rated rural areas (APPBG 2008).

The impact of the ban on smoking in public places on the trade is the subject of intense debate. The ban is overwhelmingly popular with the general public: one year on from its introduction 76 per cent of the public supported it (Department of Health 2008). However, its introduction did place a cost burden on pubs which should be recognised: the ALMR found that the ban had cost their members on average £6,000, due largely to spending money on new outdoor smoking areas.

The impact of the smoking ban on the numbers visiting pubs varies across the trade.

A survey for the *Publican* trade paper found that 73 per cent of licensees supported the ban staying in place and a quarter of pubs said they had even attracted new customers because of the ban (Sky News online 2007). On the other hand 'landlocked' pubs without access to outdoor space are reported to have suffered a significant loss in trade, particularly during the winter months when people are reluctant to go outside for a cigarette (Observer 2008, Mintel 2008).

Our brief analysis of why pub closure rates differ between parliamentary constituencies indicates that there is a weak positive correlation between closure rates and smoking rates in England. However, this may be hiding other explanatory variables: for example, it may be simply because smoking rates are higher in more deprived communities. This is a topic that requires further research.

The introduction of a new licensing regime with the 2003 Licensing Act also imposed a significant one-off cost for pubs, given that all licensees had to apply for new premises licences. Under the new regime applying for even minor variations to premises costs significantly more than under the previous system (APPBG 2008).

Government regulation is rightly concerned with promoting public health and reducing crime. However, it is worth pointing out that the regulatory framework currently takes no account of the differential ability of operators to cope with the increased cumulative costs. These costs are easily swallowed by the large pub chains which, incidentally, also tend to run the town centre bars that are most often associated with excessive drinking. Most community pub licensees, by contrast, are sole operators having to work within extremely tight margins, and the cumulative cost of increased regulation is much more difficult for them to carry.

This is not an argument for repealing these specific examples of regulation: the Licensing Act provides a much more rational framework for managing licensed premises than that which existed before, and the smoking ban is overwhelmingly popular with the general public. It is an argument, however, for providing some compensatory support for community pubs through other means.

2.3.6 The pubcos

One of the most fiercely contested issues in the pub trade is the behaviour of the large pub companies or 'pubcos'. Very many licensees argue that these companies are putting otherwise successful pubs out of business through excessively high rents and beer prices. As pubs have struggled in recent years, this issue has risen to the top of the industry agenda and has been the subject of three parliamentary select committee inquiries.

The main allegation made against the pubcos is that they are charging their lessees too much for their beer and that this is putting tied pubs at a competitive disadvantage.

Pubco lessees usually have to buy all their beer and most of their other drinks (in some cases all their drink) from their pubco's price list. This relationship is known as the 'beer tie' or 'wet rent'. The beer tie, of course, used to exist under the old integrated model that was restricted for the national brewers by the beer orders, which were revoked in the early 2000s. Pubco lessees argue that they are being charged much more for their beer than if they bought it on the free market, and that the pubcos have been increasing their prices well above inflation in recent years.

In the course of our research we were told by licensees:

> 'We were hammered by the pubco. The rent was about £40,000 a year, add on £1,000 a month in rates, and national insurance contributions. As for the beer, you end up paying top dollar for that : £50 to £60 more than you could get it from the wholesaler.'
> Former licensee, Macclesfield

> 'The pub companies are middle men like the Sicilian mafia. They charge above market rent and you have to buy everything off them.'
> Licensee, estate pub, Hackney, east London

> 'I run tied and free-of-tie pubs. I can get Carling free of tie for £63 for an 11 gallon keg. Enterprise sells the same keg at £112. That's about 60p a pint difference.'
> Licensee, south London

> 'The pub companies get people in on a false promise. As a freehouse we have an advantage. Everywhere else you pay £2.45 for a pint. You come in here and its £2.'
> Licensee, freehouse pub, County Durham

> 'I'm lucky. I have a guest beer provision in my lease, which means that I can sell a guest ale much cheaper than the beer I buy from the pubco list. That beer outsells the others four to one.'
> Licensee, central London

The price quoted by the pubcos is not actually different from the wholesale price of the beer. Rather, the difference comes about because pubcos negotiate discounts from the breweries, the bulk of which are then not passed on by the pubcos to their tenants. In 2009, ALMR stated that tied pub lessees can pay anywhere between £60 to £110 more per barrel (equivalent to 288 pints) than independent publicans (BEC 2009). The pub companies do not deny that their lessees are generally paying more for their beer than a free-of-tie operator, but they argue that this is compensated for in cheaper rent (along with other benefits such as business support). On the crucial question of rent, pubcos calculate the rent on the basis of a projection of the fair maintainable level of trade (FMT) a competent hypothetical untied tenant would be expected to achieve, which has been subject to lack of clarity. This projects 'wet' sales, food sales, room rentals and takings from 'amusement with prizes' (AWP) machines. It subtracts estimated costs from the FMT and the rent valuation is based on a percentage of the remaining profit, known as the 'divisible balance'. Typically 50 per cent of this divisible balance goes to the pub company.

Contradicting the pubcos' argument, the business and enterprise committee of MPs concluded that under this model a free-of-tie operator would still make a higher profit than a comparable tied operator because of the level of discounts free-of-tie operators get when they purchase their beer (BEC 2009). It added that it had been shown very little evidence that free-of-tie rents were lower than rents on tied houses.

The findings from the BEC report are summarised in box 2.1.

Box 2.1: Summary of the conclusions of the business and enterprise committee report 2009

Pub closures

Although the pub companies argue that the majority of pubs that have recently been closed are freehouses, this is not a sound indication of the relative success of tied and non-tied pubs. It does not cover cases where individual tied lessees go out of business without the pub itself actually closing.

Rental calculations

Forty-four per cent of lessees had not been shown a breakdown of how their rent was calculated. The committee concluded that, without transparency, rental calculations are open to manipulation by the pubcos, in particular by systematically underestimating the costs for a lessee of running their pub. Prospective lessees have too little information about the trading history of the pub and comparable local rents. There are concerns that pubcos are profiting from improvements in trade

brought about by investments in the business made by the lessee.

The beer tie
The committee found that the effect of the beer tie on basic rent is that both pubco and lessee take a lower income than if the tie did not exist. However, while the decrease in the lessee's income is absolute, the pubco still profits from that part of the discount it has not passed on to the lessee. The reduction in rent is accompanied by a reduction in the lessee's profit but an increase in the pubco's overall revenue. The committee concluded: 'If the interests of the pubcos operating a tied system and their lessees were truly aligned, one would expect that pubcos would want a system in which the combination of rental costs and beer costs enabled their lessees to supply beer at a price which was competitive with other pubs. This does not seem to be the case.'

Amusement with prizes (games machine) tie
The committee concludes that 'pubcos do not add sufficient extra value from their deals to justify their claims to 50 per cent of the takings from AWP machines'.

Benefits of the pubco tied model
Pubcos may offer a lower-cost route into the industry and the opportunity for a lessee to create or maintain an asset in the assignment value of the lease. However, the committee argued that there is uncertainty over the value of the asset the lessee is purchasing, and while freeholders face higher entry costs they obtain a tangible asset and have greater commercial freedom. Moreover the attraction of low-cost entry should not be overstated: a very significant majority of those who responded to the BEC survey said they were attracted by a particular pub, not a particular business model. The committee also found that still too many business development managers offer lessees little or no support. In 2004, the trade and industry committee found that, on the evidence presented to them, the immediately quantifiable cost of the tie was usually balanced by the benefits available to tenants. But in 2009, MPs were not so convinced, citing evidence that 63 per cent of lessees did not think their pubco added any value.

The future of the tie
The committee recommended that every lessee should be offered the choice of being free or being tied. This would enable both sides to prove their competing claims. It argued that each

and every existing lessee should, in a phased programme, be offered this choice and the same choice should be offered to every new lessee as he or she takes on the lease. To make the choice fair, the process of agreeing revised rents must first be improved.

Dispute resolution
Some form of low-cost independent procedure for dealing with disputes over the rate of rent is needed.

Competition issues
The government should ban the use of restrictive covenants to prevent the continued use of the premises as a pub. The committee also recommended that the business, innovation and skills secretary uses powers set out in section 159 of the Enterprise Act 2002 to refer supply ties in the public house industry to the Competition Commission for a market investigation.

In 2011, IPPR conducted a survey of tied and non-tied lessees and found that (Muir and Gottfried 2011):

- tied publicans are much more likely to say they are struggling financially (57 per cent of all tied publicans compared to 43 per cent of non-tied)
- tied publicans also earn significantly less than free-of-tie operators where 46 per cent earn less than £15,000 per year, more than twice the proportion of non-tied publicans
- tied publicans who are struggling financially see the beer tie as one of the most significant factors in contributing to their financial problems with 88 per cent indicating it as a contributing factor
- many tied publicans have yet to see their pubco revised code of practice, and for those that have, only 17 per cent believe it will benefit them
- the level of overall business churn is higher in the tied compared to the non-tied sector.

Also last year, the business, innovation and skills committee reviewed progress since 2009, and concluded that the industry had not done enough to tackle the problems raised by lessees. The government has now said that it agrees, and that it will introduce a stronger code of conduct and a better arbitration system. However, there remain concerns that the beer tie itself, as operated by the pub companies, will continue to put pressure on tied lessees.

2.4 Summary

Our research has found that Britain's pubs are in trouble. Though the rate of closure has fallen since 2009, levels of closures are still historically high and the number of pubs is still falling. This is not due simply to the impact of the current economic downturn, the number of pubs across the country has been falling for decades. In part this is because of changing consumer tastes and lifestyles: there are alternative places to drink and beer is less popular. This means pubs have to change what it is they are offering in order to survive. Pubs are also under pressure from increased alcohol duties, higher operational costs and cut-price supermarket competition. There are real concerns about how the tied-lease model is affecting pubco tenants. In the next chapter we address why all of this matters.

3. WHY PUBS MATTER

> '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 (Kingsnorth 2008: 21)

> 'To write of the English inn is to write of England itself … as familiar in the national consciousness as the oak and the ash and the village green and the church spire.'
>
> Thomas Burke, 1930 (*The English Inn*, Herbert Jenkins 1947: 7)

> 'The one human corner, a centre not for beer but bonhomie; the one place where after dark the collective heart of the nation could be seen and felt, beating resolute and strong.'
>
> AP Herbert, MP, on the role of the pub during the second world war (Jennings 2007: 209)

The public house is more than just a retail business: it plays an important role at the heart of many local communities, providing a hub through which social networks can be maintained and extended. We have already shown that the pub trade is in trouble and set out a number of reasons for this. In this chapter, we turn to the impact of these pub closures on local communities, by assessing why pubs matter and explaining why public policy has a legitimate role in promoting and supporting them.

3.1 Social networks

One of the most important contributions pubs make to local community life is that they act as hubs for the development of social networks between local people. Our national opinion poll found that outside the home the pub scored the highest of any location as a place where people 'meet and get together with others in their neighbourhood': 36 per cent of respondents said that pubs were important for this purpose, compared with 32 per cent saying other people's houses, 20 per cent saying local cafes and restaurants, and 15 per cent saying local shops (see figure 3.1).

Of course this was not true evenly across all groups: among men the pub scored higher than their own home as a site of social interaction, whereas among women the pub came third in importance, behind one's own home and other people's homes. However, the pub was marginally more important for women as a site of social interaction than local cafes and restaurants or local shops (figure 3.2). The pub is more significant as a local hub for younger people as opposed to older people (figure 3.3).

However, the pub scored the highest of all places outside one's own home for all social classes bar one ('C1') and across all groups the pub scored higher than any institution except the home or other people's homes (figure 3.4).

The graphs on the following pages – figures 3.1–3.4, sourced from the CAMRA Tracking Omnibus Survey, January 2009 – show responses to the question: 'Which three of the following places on this list would you say are most important to you personally to meet and get together with others in your neighbourhood?'

Local pubs support social networks in two main ways: they allow people to strengthen existing social networks by meeting up with friends and family, and they provide a place where people are able to meet new people and extend their networks of acquaintances (SIRC 2008). This role of the pub as an important setting for conversation and social interaction was repeatedly emphasised when we asked pub regulars why they visit their local pub.

> 'It's not only the beer, it's the conversational company and you'll find that good pubs attract good people.'
> Man, village pub, Cambridgeshire

> '[I come here] to meet him and her, those two rogues there, and Bob and Mike and Candy … and Bill and Frank. If you want to know why I come to a pub – one word – people.'
> Man, rural pub, Hertfordshire

> 'It's somewhere to have a conversation.'
> Woman, rural pub, Hertfordshire

> 'It's more like the old days, the 1970s and 1980s. Proper conversations. You don't see any people in here with a bloody laptop do you? It has got wi-fi, but people talk.
> Man, inner-city pub, Hackney, east London

> 'The essence of this pub is conversation … you'll generally find someone in here that you know and you'll generally find a few strangers in here that you can have a conversation with anyway.'
> Man, inner-city pub, Hackney, east London

Contrary to the old image of pubs as anti-family places, research shows that of those people who visit a pub more than once a month, over 50 per cent of women and over 40 per cent of men go to the pub with their partner. Crucially, 35 per cent go with other members of their family, which is especially the case for those aged 45 and over. Researchers concluded that: 'the pub may be one of the few remaining social institutions that actively preserves the extended family and inter-generational relationships' (SIRC 2008: 26–27).

Figure 3.1
The most important places where people meet and get together in their neighbourhood

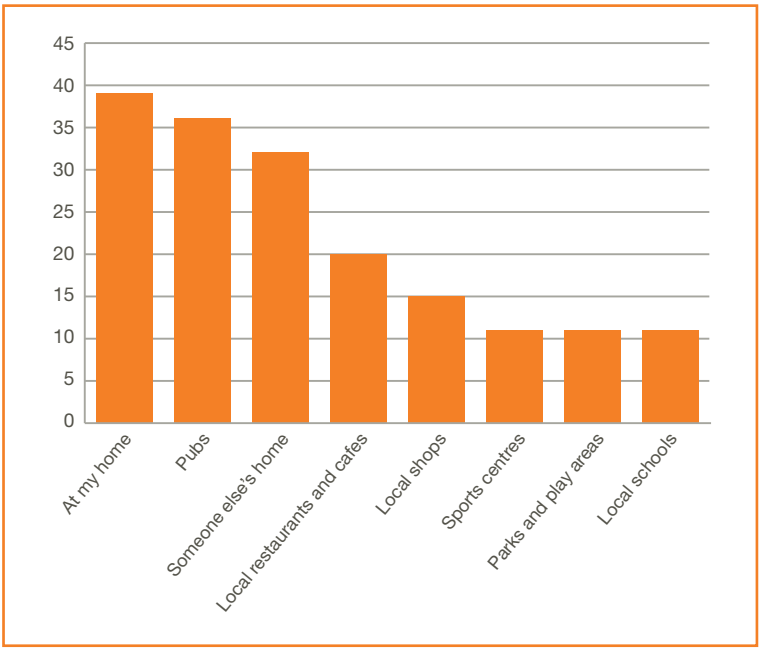
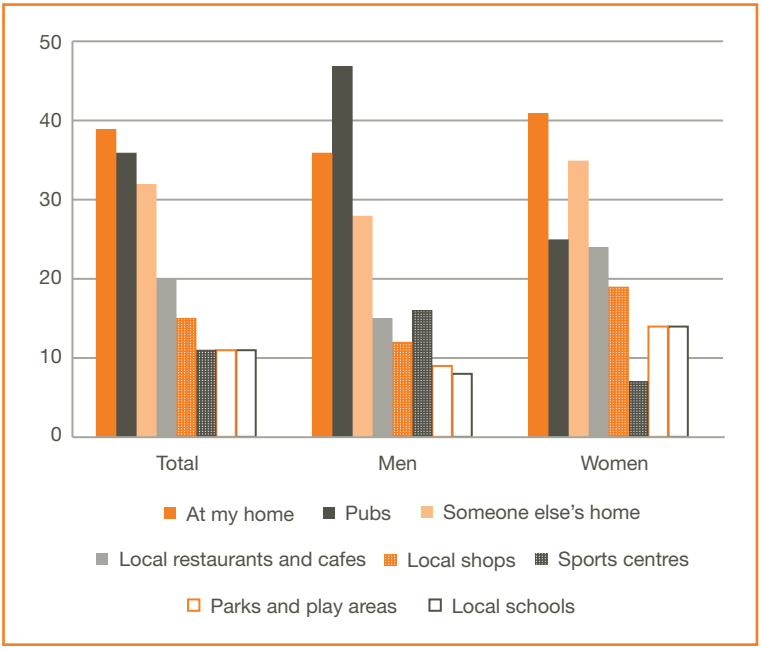


Figure 3.2
The most important places where people meet and get together in their neighbourhood, by gender



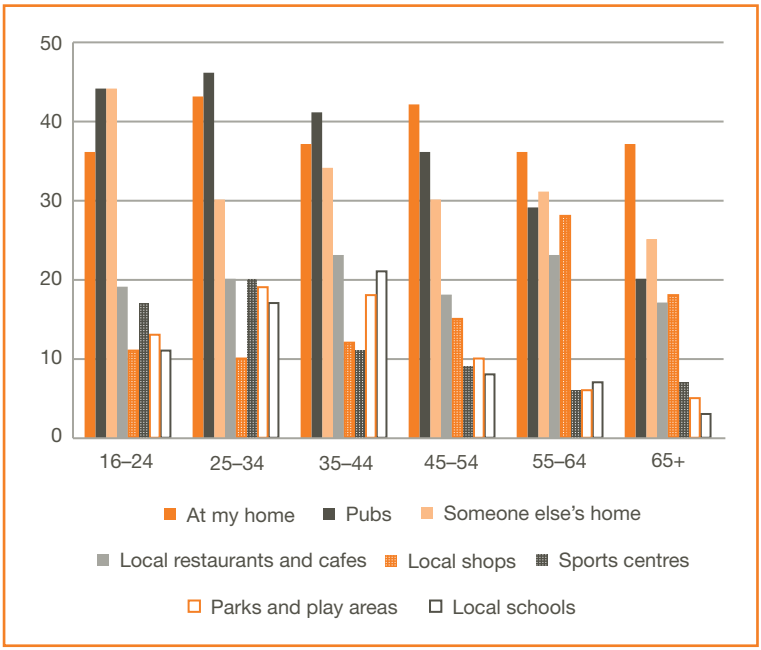


Figure 3.3
The most important places where people meet and get together in their neighbourhood, by age

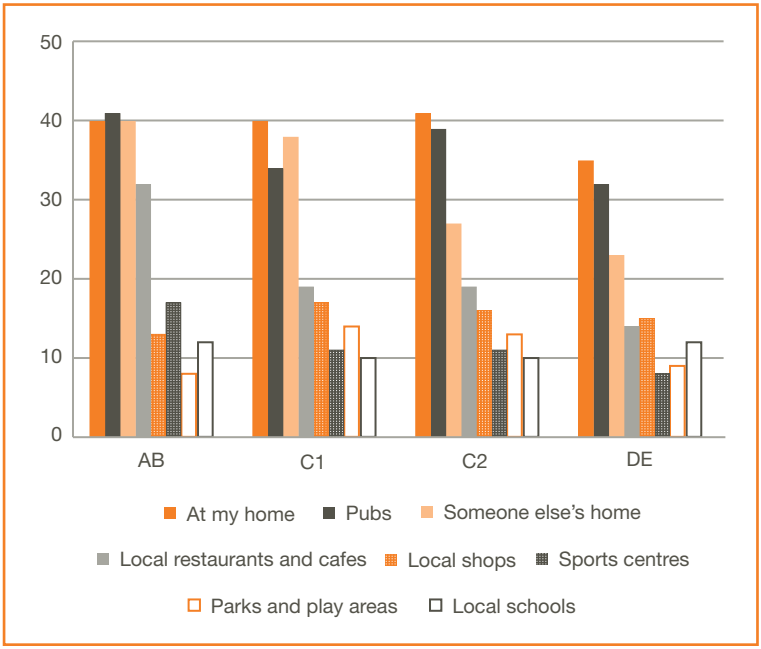


Figure 3.4
The most important places where people meet and get together in their neighbourhood, by social class

While the majority of pub-goers say they visit the pub with existing close friends, 28 per cent of male pub-goers and 21 per cent of female pub-goers say they find it easy to meet new people in the pub (ibid). This ease with which people can make new acquaintances in a pub environment has been found by anthropologists to be due to the low cost of entering 'pub conversation'. Pub etiquette means that you can start a conversation with someone in the knowledge that there is no obligation to talk longer than you want. In pubs, particularly at the bar and even in the toilets, people drift in and out of conversations with complete strangers in a way they rarely do in other contexts, on public transport or at the supermarket checkout, for example (ibid). One author claims, not unreasonably, that 'the bar counter in a pub is possibly the only site in the British Isles in which friendly conversation with strangers is considered entirely appropriate and normal behaviour' (Fox 1996: 5).

One important consequence of the pub's role as a place where one's social networks are maintained and extended is that a startling 27 per cent of British couples say they met their current partner in a pub (ibid).

Of course, we should note that not everybody goes to the pub to socialise, and indeed another important characteristic of pub culture is that if people wish to keep themselves to themselves, this is generally respected by other pub-goers. The pub can bring friends and family together but it also provides a place where people can escape from their work or family lives.

> 'There are some regulars in here who don't actually talk to you that much, but that's their prerogative. Not everyone likes to socialise, they want to be on their own … you can do what you like.'
>
> Man, inner-city pub, Hackney, east London

> 'There are some people who come in here and treat it as a second lounge, because they don't want to be at home on their own, or because they live with other people and they don't want to be in their pockets all the time. It's a second lounge, where they can talk to other people, but if they want to sit there quietly they can.'
>
> Landlady, rural pub, Hertfordshire

> 'I come in here because it's NOT a meeting place. I come here to avoid my neighbours, I don't want to meet them.'
>
> Man, rural pub, Hertfordshire

Given that the pub is the most important place outside the home for people to meet their neighbours, the impact of pub closures on the quality of existing social networks can be severe. One community

campaigner against a pub closure in his Cambridgeshire village describes the impact on community life:

> 'It closed for a year. The community is 20 per cent people who are very private, 20 per cent people who are in and out of each other's places often because they have kids, and then there's 60 per cent in the middle. It was that 60 per cent that died. Every community needs somewhere to bounce off itself. People meet in the pub, find things in common, borrow things. Village halls can't do that. You can't just drop in and relax.'
>
> Community pub campaigner, Cambridgeshire village

The role of the pub as a meeting point is of course especially important in villages where there is no other social centre for people to meet and interact:

> 'The pub is an integral part of the village, there's only us and the shop. We rely heavily on a good band of regulars, it acts as a meeting place. If the pub wasn't here there'd be nowhere for people to meet. There's a community centre, but no one really uses that.'
>
> Landlady, village pub, Lancashire

This is why there have been so many campaigns to prevent village pub closures. In some cases it has become apparent that breweries or pub companies would prefer to knock a pub down and build housing on lucrative rural sites. In many cases local residents have successfully petitioned local authorities to prevent a change of planning use from commercial to residential use, arguing that their local pub remains viable, and believing it to be an important local amenity. In other cases local residents have felt so strongly they have actually clubbed together to buy their local pub.

3.2 Economic impact

In addition to these community benefits, community pubs add a great deal to local economies, and beer bought through pubs adds more value to local economies than beer bought through supermarkets.

Nationally, the pub industry amounts to two per cent of national GDP and community pubs provide 350,000 full- or part-time jobs (APPBG 2008). In all, the brewing and pub sector generates £28 billion of economic activity, compared with £20 billion by the airline sector, £18 billion by the radio and TV sector, and £18 billion by clothes retailing (BBPA 2008b).

Four out of five jobs created through the sale and production of beer are in the hospitality sector (pubs, bars, clubs and restaurants) (Ernst and Young 2007). The UK accounts for 19 per cent of all hospitality jobs linked to brewing in Europe, with only Germany creating more such

jobs. This is largely because more beer is bought in pubs in the UK than in other countries, and pubs generate more jobs per litre of beer sold than shops and supermarkets do. In terms of employment generation, it makes more sense to encourage the sale of beer through pubs than through shops and supermarkets. As we know, the policy framework currently encourages exactly the opposite.

At the local level, it is estimated that each pub injects an average of £80,000 into their local economy. Pubs also support small and regional breweries much more than shops and supermarkets do: these breweries sell 76 per cent of their beer through pubs. In turn these regional brewers add more value to the national and local economy per litre than the big national brewers, who are less likely to source goods and services locally. The regional brewers are also more labour intensive and generate more jobs: eight per 10,000 hectolitres of beer produced, compared to 3.5 for the national brewers (Ernst and Young 2007).

Pubs make a disproportionately large contribution to the public purse: every pint sold in a pub raises twice as much tax as that sold through the off-trade (BBPA 2008b). The total level of tax raised from the sale of alcoholic drinks was £14.7 billion in 2007/08, which is a significant 3.7 per cent of total government revenue. Added to this is the £175 million raised through duty and VAT from fruit machines (APPBG 2008).

3.3 Crime and disorder

Pubs are not always associated with making a positive contribution to the community and we know that alcohol consumption is a significant factor in driving levels of violent crime and disorder. According to the 2008/09 British Crime Survey (BCS), victims believed the offender(s) to be under the influence of alcohol in nearly half (47 per cent) of all violent incidents (Walker et al 2009).[2]

Before addressing the role of community pubs in this we should make two important qualifications. First, let us put recent concerns about alcohol-related crime into some historical context. Any read through pub history will show that cyclical moral panics about how much people are drinking (especially young people, working people and women) are a constant theme. For example, the 'gin craze' of the 18th century was thought to have led to an increase in drunkenness that disturbed the upper classes and far surpassed anything that has happened in recent years. By 1751 'one in four houses in London was a dram shop and virtually the entire population was semi permanently drunk' (Haydon 1994: 55).

Following the Duke of Wellington's decision to liberalise the licensing regime and abolish beer duties in 1830, commentators and politicians

2 We refer to British Crime Survey data here because we know that police records that say which crimes are alcohol related are problematic, simply because different forces record the data differently. For instance, one survey found that almost 30 per cent of local police forces kept no records at all of the extent to which crimes are alcohol related (SIRC 2002).

perceived there to be a rise in drunkenness and proclaimed the nation to be teetering on the brink of chaos:

> 'The new beer bill has begun its operation. Everybody is drunk. Those who are not singing are sprawling. The sovereign people are in a beastly state.'
>
> Sydney Smith (quoted in Haydon 1994: 187–188)

> 'The words 'licensed to be drunk on the premises' are by the people interpreted as applicable to the customers as well as the liquor.'
>
> Lord Palmerston (quoted ibid: 188)

Moving into the 20th century, consider how familiar the following description of closing time on a weekend in Blackpool in the 1930s would sound to newspaper readers of the present day:

> 'At closing time back and front streets crowded, some people dancing, men and women doing foxtrots and a group of women trying to do a fling. Three observers independently claim that at least 25 per cent of the crowd are drunk … [later] along the promenade the air is full of beer smell, that overcomes sea smell.
>
> It arises from people breathing. A swirling moving mass of mostly drunk people, singing, playing mouth organs, groups dancing about. Chaps fall over and their friends pick them up cheerfully and unconcernedly. At one spot a young man falls flat on his face, his friend picks him up and puts him over his shoulder, and lurches away with him. Immediately a fight starts among four young men: the crowd simply opens up to give them elbow room as it flows by; some stop to look on. One of the fighters is knocked out cold and the others carry him to the back of a stall and dump him there. Back streets are not so densely crowded, but even more drunks. In a litter of broken glass and bottles a woman sits by herself being noisily sick.'
>
> Mass Observation 1943: 248

So drunkenness is nothing new and there have been times in our history when it has been much worse than it is today.

Second, the link between aggression and alcohol consumption is not as straightforward as it is typically portrayed in the press. There is, of course, a biological impact from the chemical effects of consuming alcohol: alcohol interferes with primary cognitive ability by reducing a drinker's perceptual field. It also impairs the drinker's ability to communicate and opens the way to misunderstandings and misinterpretations (Marsh and Fox Kibby 1992). But cognitive impairment alone does not lead to violence. Most people who drink alcohol do not become aggressive and are perfectly capable of combining a few drinks with civilised behaviour. Indeed, in many

other cultures drinking is more often associated with friendliness and gregariousness than aggression (ibid). There are therefore cultural and situational factors that must be accounted for in explaining why some people in some contexts become violent and aggressive when drinking (ibid, MCM Research 1990).

Nevertheless, even with these qualifications, it is clear from the BCS data that alcohol is a key driver behind violent crime in the UK, and not just street crime, but domestic violence as well. The question that concerns us here is how much of this crime can be attributed to community pubs.

Clearly problems occur in pubs as a result of alcohol consumption. And yet one study found that the majority of pubs experience less than one or two fights per year. Those experiencing regular trouble (a fight at least once a week) represented just 8 per cent of all pubs surveyed. Seventy-five per cent of these incidents involved the pub manager, largely because they have to control behaviour and enforce the rules within the pub, such as by refusing to serve someone or asking them to leave (MCM Research 1990).

In our opinion poll, we asked people to specify which of a number of activities they had been involved in or observed in their local pub in the last six months (see figure 3.5): 65 per cent of people said they had spent time with friends and family, 23 per cent said they had made new friends, 19 per cent had mixed with people they would not normally mix with and only 6 per cent said a crime or some form of anti-social behaviour had taken place. It is clear that violence takes place rarely and in a small minority of pubs.

Crucially, poor management style has been found to account for 40 per cent of the difference between pubs in terms of the level of violence. The next most significant factor in explaining why fights occur in some pubs and not others is the length of time the manager had been in place: well-trained managers who are in place for longer can reduce significantly the amount of trouble found in pubs (MCM Research 1990). It is also important to note that no such informal social control exists outside of the pub setting; in other words, whereas responsible drinking can be incentivised, encouraged and ultimately enforced in a pub, there is no such control with alcohol bought in the supermarket and consumed at home or on the street.

It is also clear that the community pubs that are the focus of this research are generally not those experiencing problems of excessive drinking, related violence and disorder. Although there are no national figures to show the proportion of crime taking place in different parts of towns and cities, local data and police evidence show that the vast bulk of alcohol-related disorder takes place in town and city centres on a Friday and Saturday night (Marsh and Fox Kibby 1992).

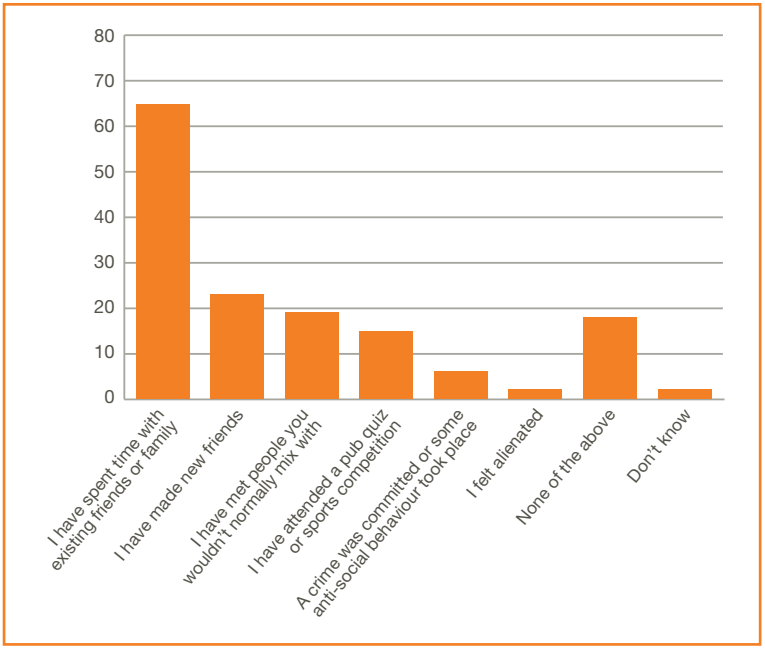


Figure 3.5
Activities taken part in and witnessed in the pub people visit most often in the last six months

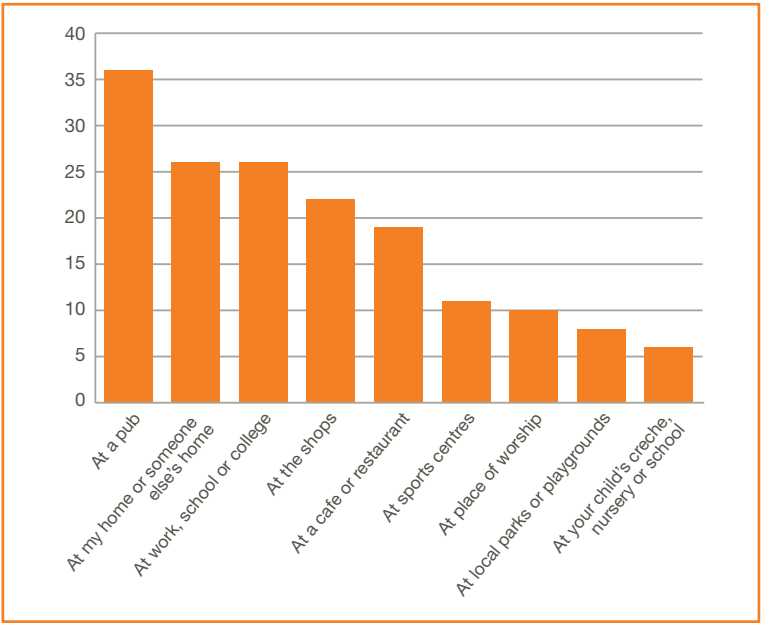
Responses to the question 'Thinking now about the pub you visit most often, which of the following, if any, have happened in that pub while you were there over the last six months?' (base: All who visit a pub)
Source: CAMRA Tracking Omnibus Survey, January 2009

3.4 Community cohesion

'Community cohesion' has become a key public policy buzzword. Essentially, this refers to the effort to promote good relations between people from different walks of life. Our opinion poll found that pubs are perceived to be the most important social institution for promoting interactions between people from different backgrounds at the local level (see figure 3.6). When asked where in the last six months they had mixed socially with people from a different background to their own, the pub was the most chosen location with 36 per cent, followed by the home at 26 per cent, work and college at 26 per cent, and the local shops at 22 per cent.

This was true of people of all social classes, and in so far as we can interpret this as referring to class among other identities, this supports the longstanding view that the pub is a great social leveller (SIRC 2008, Fox 1996).

Figure 3.6
Places where people mix socially with people from a different background



Responses to the question: 'Which three of the following places on this list would you say are most important to you personally to meet and get together with others in your neighbourhood?'
Source: CAMRA Tracking Omnibus Survey, January 2009

Indeed, our interviewees stressed the importance of the egalitarian character of pubs:

> 'You can be a prince or a pauper when you come in here and they talk to you at the same level.'
> Man, village pub, Cambridgeshire

> 'It wouldn't matter if you had tuppence or two thousand pounds, you'd be treated the same, at that level bar.'
> Man, village pub, Cambridgeshire

> 'You get a great cross-section of people in here, from girls in jodhpurs to men in suits. That's a how a pub should be: it's classless.'
> Landlord, rural pub, Hertfordshire

Of course, the pub-going population is not representative of society as a whole. Historically, pubs have been heavily dominated by males and to some extent remain so: even though female attendance in pubs is much higher than in the past, men still make up the bulk of the 'regular' pub crowd: according to our research, whereas 34 per cent of men overall attend a pub once a week or more, just 12 per cent of women do (figure 3.7). Very few women say they would be happy going to a pub on their own, which contrasts markedly with men's attitudes (SIRC 2008).

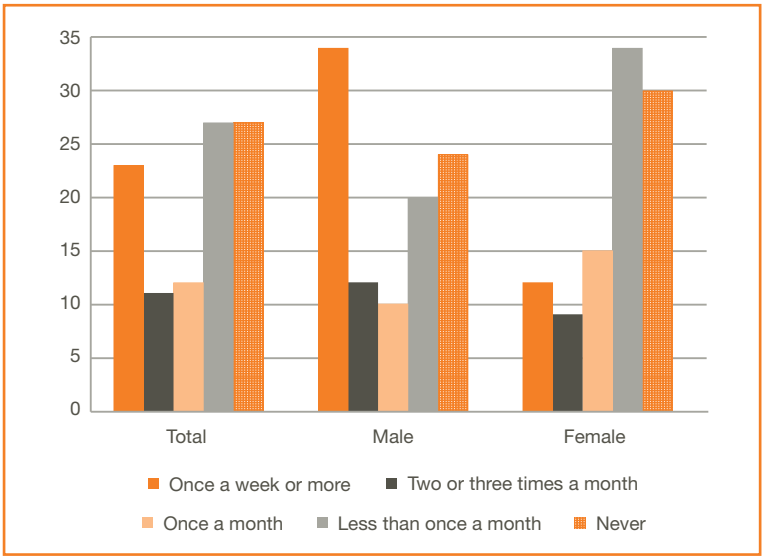


Figure 3.7
Pub attendance, by gender

Responses to the question: 'How often do you visit the pub?'
Source: CAMRA Tracking Omnibus Survey, January 2009

As well as showing a gender imbalance, pubs tend to attract younger and middle-aged people much more than older people: figure 3.8 shows that whereas 73 per cent of respondents to our survey said they had ever attended a pub, only 57 per cent of the over-65s did.

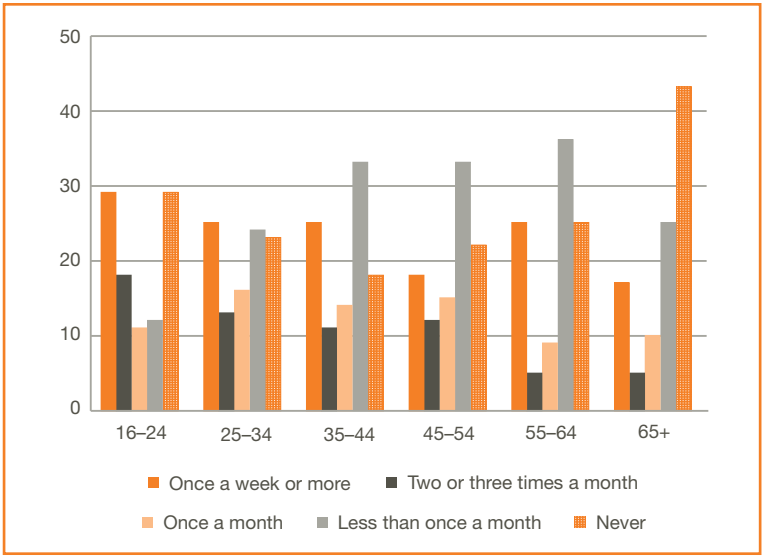
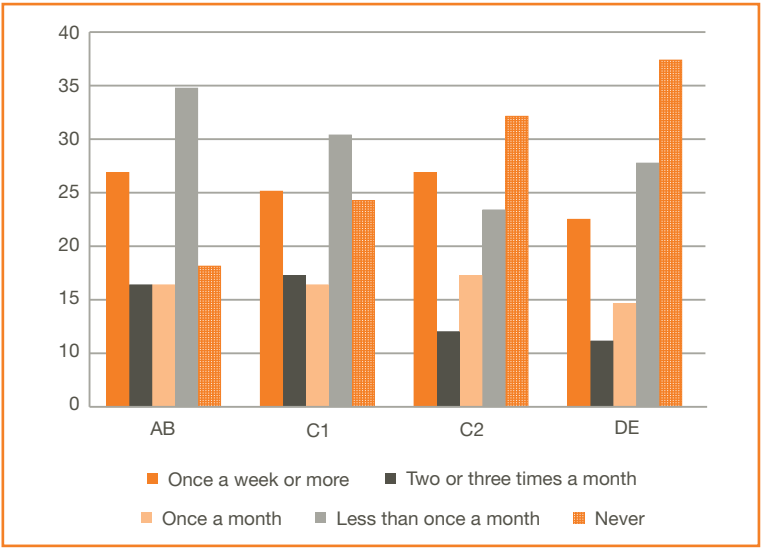


Figure 3.8
Pub attendance, by age

Responses to the question: 'How often do you visit the pub?'
Source: CAMRA Tracking Omnibus Survey, January 2009

In contrast to the image of the pub as a working-class institution, in so far as there is a social class bias to pub attendance it is today the other way around: whereas 85 per cent of professionals said they had ever attended a pub, the level falls to 63 per cent among the lowest earning 'DE' occupational class (figure 3.9). The figures are not broken down by religion, but of course one can expect that pub-going is virtually non-existent among some faith communities.

Figure 3.9
Pub attendance, by social class



Responses to the question: 'How often do you visit the pub?'
Source: CAMRA Tracking Omnibus Survey, January 2009

So, pubs are an important local institution for social mixing, but some groups still go to pubs more frequently than do others.

3.5 Community and civic participation

Pubs are, of course, primarily places for relaxation and leisure. Most of the organised activities in pubs tend to be oriented towards entertainment such as pub quizzes, darts competitions and pool leagues.

Pubs have also long been associated with politics: in the 18th century, working men's clubs, unions and Jacobite clubs made pubs their meeting places. The radical London Corresponding Society first met in the Bell, Exeter Street in 1791, beginning a long-standing association between the labour movement and the public house. At around the same time the Tory October Club used to meet in the Bell on King Street and rival Tory and Whig ale houses were set up in opposition to each other.

Pubs also host community-oriented events and activities that add considerably to local civic life, and have done so for many decades. Mass Observation noted in its path-breaking study of pub life in Bolton

in the 1930s that 'amongst pub-goers, groups exist whose activities though they are not directly connected with drinking play a considerable role in the life of pubs'. These included secret societies (such as the curiously named Ancient Noble Order of United Oddfellows and the Royal and Antediluvian Order of Buffaloes), savings clubs and trade unions (Mass Observation 1943).

Today, pubs continue to provide rooms for local charities and voluntary groups to hold their meetings in, and particularly in local villages, pubs often provide the only community meeting space, outside the church. One landlady set out for us the wide range of civic and community activity that takes place in her pub, ranging from discussion of local issues to the organisation of charitable events:

> 'They'll discuss local issues … there's a lot of discussion recently about the widening of the M25 which is a big issue locally, mobile phone masts going up, that kind of discussion of local issues and those things that affect people as local residents.
>
> We've just taken over the Neighbourhood Watch because we do hear gossip intrinsically, events that are going on, we are a conduit for information whether it's to and from, whether it's from the police, the local neighbourhood, local residents.
>
> Advertising local events. There's a local choral group who meet here. There are events on in the local churches and we keep programmes for local theatres and cinemas so people can find out what's going on. We have collection boxes and so on to raise money especially for local charities. We get phone calls literally once or twice a week saying can you do this, that or the other.'
>
> Landlady, rural pub, Hertfordshire

Another told us:

> 'We do a lot of work with the local church. You hear a lot of bad things about pubs in the papers – corruption of the young and so on – but pubs are about community. The vicar works behind the bar once a year. We have sponsored walks and a music festival.'
>
> Landlord, rural pub, Gloucestershire

It is estimated that the average pub raises around £3,000 a year for charitable causes, although this is probably below the average for community pubs. Punch Taverns has calculated that its pubs raise an average of £3,369 a year each for charity, which amounts to £120 million each year (APPBG 2008).

3.6 Public services

In rural areas in particular, community pubs are becoming the host for a range of important public services on which local residents depend. At the more informal end the regular pub community can provide an

important network of social support, with people able to borrow things from one another, look out for one another, and even get advice and counselling over a quiet beer:

> 'There's a bloke who comes into this pub who is 87 years old. He's been drinking in this pub since Bobby's dad ran the pub (pre-war). He comes down on his little scooter thing. If Wendy or Bob don't see him, or if any of the drinking community don't hear from him, someone will always be monitoring where he is.'
> Man, village pub, Cambridgeshire

> 'We're all customers; they've got a business to run. But we ain't just customers, we're friends. If I needed something, he'd help me out. Wendy I'll confide things to. That's what makes a pub.'
> Man, village pub, Cambridgeshire

> 'We do community activities of various kinds. There was a village newsletter sponsored by Help the Aged which we produce now. We provide an inter-village post: people bring their Christmas cards down here and people can pick them up. We have a notice board for people to advertise their trade. We keep stuff for the neighbours when they are not in. We do a discounted meal for the OAPs on a Thursday.'
> Landlord, village pub, Essex

Pubs also act as places where people can find out about local trade and where business takes place:

> 'The other thing is for local tradesmen and business people, they connect with each other, there's a lot of discussion of business issues. And when people are looking for tradesmen, quite often we get asked, do you know, can you recommend a such and such? Between us and between the customers themselves.'
> Landlady, rural pub, Hertfordshire

> 'It's actually a bit of a business centre as well. There are people who are in here who can get linked with a job or buying a property, you can interact in that way.'
> Man, inner city pub, Hackney, east London

More formally, a number of pubs, particularly in rural areas, are delivering important public services, such as running the local shop, taking over a threatened local post office or providing access to broadband internet. The Pub is the Hub scheme is a volunteer-run organisation that for the last seven years has encouraged rural pubs to diversify, such as through co-locating services, and supports hundreds of such schemes around the country (see box 3.1). These can help preserve vital local amenities, but also tend to increase footfall through the pub and help keep it viable.

‘We’ve run the post office from a spare room for the last six or seven years. We were spared the axe. It’s separate from the pub and is generally used by the older people. Financially, we don’t depend on it. But it’s there if we needed it.’

Landlord, village pub, County Durham

‘It’s the main meeting place; we’re a small village, everyone knows each other. The younger ones come in to use the computer because we don’t get good broadband up here.’

Landlady, village pub, Yorkshire Dales

While diversification is important, one licensee insisted that a pub should always remember that its primary purpose is to facilitate social drinking:

‘Basically, people just want to come in and have a drink – it is a centre for the community – but you don’t want to have to trip over post offices and bike repair works to get into the pub. It’s still important for a pub to be a pub.’

Landlord, village pub, Gloucester

Box 3.1: The Pub is the Hub scheme

Pub is the Hub was set up in 2001 through Business in the Community’s Rural Action Programme (launched by HRH the Prince of Wales). It encourages breweries, pub owners, licensees and local communities to work together to help retain and enhance rural services in isolated rural areas and support rural pubs. It does this by finding ways in which pubs can diversify their offer and increase their social and community role.

There are additional services that can be provided through village pubs.

- Better provision of food and drink: This is the core skill of the licensee and their staff. Sometimes simply changing the offering and the style of food and drink can turn around the viability of the pub.
- Additional retail uses: Many post offices and village stores have closed. Pub is the Hub has strong working relationships with the Post Office and Spar Convenience Stores to help to provide additional outlets for their goods and services.
- Additional facilities: There are many ways to improve the usage and viability of pubs.

Examples include:

- Church services
- Parish/local club and society meeting place
- Local pensioner meal support operation
- Pharmacy collection point
- Dry cleaning, laundry deposit and collection point
- Provision of a crèche facility
- Delivery point for goods bought online
- Fitness/small gym facility
- Art and craft gallery
- Outlet for farm produce or other locally produced goods.

Source: http://www.pubisthehub.org.uk

3.7 Cultural value

Pubs – or at least pubs with certain kinds of characteristics – are felt by many people to have a cultural as well as a practical community value. This is because the traditional community pub is felt to offer certain things that are becoming rare in a society being shaped by global commercial pressures.

Running through much writing about pubs are the twin themes of national identity and loss: the idea that a traditional British institution is under threat. Reflections on the state of the British pub combine a peculiar but culturally resonant mix of small 'c' conservatism (the preference for tradition and continuity, and an opposition to 'modernisation') and anti-capitalism (an opposition to the 'McDonaldisation' of the pub, the rise of the big chains, associated with globalisation and big commercial interests) (see, for example, Hutt 1973, Boston 1975 and Kingsnorth 2008).

Related themes emerged strongly in our three focus groups held with pub regulars. It must be said at the outset that these focus groups took place in fairly traditional community pubs and the participants were mostly middle-aged and male. Therefore, their views cannot be taken as representative of the pub-going population as a whole, never mind those people who do not visit pubs regularly. However, the strength of feeling expressed in these groups about the loss of the traditional pub was striking and is worthy of reflection in this report.

First, these pub-goers clearly felt that their pubs offered something traditional: a continuity with and a connection to the past that has value and is felt to be under threat more widely. These participants felt that too many pubs were being 'modernised' by breweries and pub companies, making them too similar to each other.

‘I grew up in the 1970s and 1980s and I still think this holds a tradition of being a friendly, down to earth sort of pub, none of this unfriendly bar staff, minimalist décor and chemical beer.’
Man, inner-city pub, Hackney, east London

‘It’s an organic, battle train of a place … the floor will be done eventually. In another fifty years.’

‘And as long as we can keep the property developers away.’
Two men, inner-city pub, Hackney, east London

‘It’s a bit of a ’50s throwback … which means that it hasn’t been contaminated by the thinking of the brewers and their stupid idiotic interior designers and bloody marketing arseholes.’
Man, village pub, Cambridgeshire

‘It hasn’t been ‘improved’.’
Woman, village pub, Cambridgeshire

‘It’s still old England, with old-fashioned values and old-fashioned quality.’
Man, village pub, Cambridgeshire

This traditional quality also lends the pub an authenticity that these participants valued. The traditional community pub has developed from the bottom up, as opposed to being designed by people with no connection to the local area beyond a commercial interest in the local drinks market.

We know that commercial motives tend to drive towards standardisation, as we have seen with the rise of so-called ‘clone towns’ (NEF 2006). Whatever its causes, it is a trend that the pub regulars we spoke to did not like.

‘Most of the pubs that I go to have something slightly unusual about them, slightly quirky, might be for the beer or there’s a pub down the road where the landlord is a real character and he does good beer as well, and another one that does good food. But there’s a fourth pub that I used to drink in – a Young’s pub – it was interesting, the landlord had been there forever, a little bit tatty, a little bit of a boozer. They went in there and got rid of the landlord. Made the place over with sofas and laminate floors and music and they’ve just taken the ‘right, this is what we’re going to do to all our pubs’, apply the marketing model that comes out of headquarters. And you go down any high street and they’re all the same, we’re just destroying the uniqueness. That’s just symptomatic of our country: ‘giving people what they want’.’
Man, rural pub, Hertfordshire

‘They’re stripping things of character.’
Man, rural pub, Hertfordshire

‘Wetherspoons try very hard to be accommodating and all that, but it just don’t work. It’s like drinking in a bloody McDonalds or something.’
Man, inner-city pub, Hackney, east London

An important driver behind this sense of authenticity is the fact that the licensees of all three of these pubs were local people, who owned the pub independently.

‘[I like the pub because it is] owned by the people who live here, who live above it.’
Man, village pub Cambridgeshire

Three men in the inner-city pub in Hackney told us they liked the fact that the pub is: ‘independent’; free from ‘corporate fucking strategists’ and ‘brewery-stroke-hotel management companies’, and the fact that ‘the gov’s in charge’.

One further connected theme that emerged from the focus groups was the idea that the pub represented one last shelter from the changes of the modern world. The traditional community pub is seen as a bastion, a last redoubt:

‘People do like the older feel to a pub anyway. If it was all metallic and glass model bar, that’s not what we want. This is a bastion, and we want to keep it.’
Man, inner-city pub, Hackney, east London

‘This pub from a local point of view is the last bastion.’
Man, village pub, Cambridgeshire

This importance of the pub as representing something authentic and traditional runs alongside a hostility among drinkers of real ale[3] to the standardisation and ‘gassing up’ of beer and the loss of regional breweries. For example:

‘There’s a conspiracy of the big breweries to ensure consistency: if you take a pint of beer and it’s delicious, then put gas in it and it’ll ruin it … Years ago you could go into a pub and if you see a pump at the bar, you were virtually guaranteed a decent pint of beer. But not any more. I’ve walked out of pubs when I’ve seen this white rise of disappointment rise up. I’m not drinking that, I won’t accept it.’
Man, rural pub, Hertfordshire

3 This term was coined by CAMRA in the early 1970s to differentiate between the big brewers’ processed beers and beers brewed using traditional ingredients and left to mature in the cask from which they are served in the pub through a process called secondary fermentation.

One response to these concerns is to say that many people choose to drink in chain pubs, wine bars and gastro-pubs with modern interiors. If traditional pubs are in decline, this is because people are not drinking in them. However, the focus groups make clear that there is value in having diversity in our drinking places. There is clearly a constituency for a certain type of traditional pub, one rooted in the community through the licensee, with its own organic design and décor, independently owned, retaining important inherited characteristics from its past. The combination of the ownership of the majority of pubs by a handful of large pub companies alongside the commercial pressures to achieve high-volume sales through standardisation mean that a significant group of consumers risk losing something that they value and that is important for their quality of life.

3.8 Summary

This chapter has shown that pubs matter to our communities in various ways. They act as hubs through which local social networks can be strengthened and expanded. Pubs generate more jobs and more government revenue per litre of beer than beer sold in shops and supermarkets. While town centre bars and a small minority of badly run pubs can cause problems of alcohol-related disorder, the vast majority cause no such problems. If anything, it is preferable that people should drink in the controlled environment provided by a pub. While they remain biased towards men, younger people and people with higher disposable incomes, pubs are nevertheless an important local social institution for encouraging people to mix with others from different backgrounds to their own. They enrich local civic life by hosting meetings of local clubs and associations, and promoting local charities and events. They provide directly a range of local public services, from the informal social support to members of the drinking community, to the provision of post offices and village shops in rural areas. Community pubs of a certain type also have a cultural value: they represent something authentic and traditional in the face of powerful commercial and market pressures towards standardisation and ‘clone pubs’.

So, we have shown that pubs matter. The next chapter goes one step further and seeks to quantify through a ‘social return on investment’ methodology the wider social impact of a sample of five community pubs.

4. MEASURING THE SOCIAL VALUE OF COMMUNITY PUBS

This book has argued that pubs can have a positive impact on the communities they serve. Chapter 3 presented evidence from national surveys and focus groups showing that pubs can bring communities together, strengthen social networks, and provide a number of essential services. Pubs, therefore, do not just have an economic value, they also have a social value to their surrounding areas.

The social value of pubs is often overlooked by policymakers. This is because official statistics only include benefits that can be captured in financial terms, such as the number of people employed by a pub, or the taxes it generates. Many important social benefits are missed out because they cannot be quantified in this way.

The problem of capturing benefits that can't be expressed in financial terms is common to many policy areas. For example it is hard to quantify the benefit of an improved environment, or of stronger community cohesion. In response to this challenge, a new methodology has been developed to try and capture the 'non-financial' value of an activity or business. The methodology is known as 'social return on investment' (SROI), and it enables people to assess the impact of an activity in a more complete way.

SROI is therefore a useful tool for measuring the social value of community pubs. It can help us identify which pubs have a positive (or negative) impact on their communities, and to establish the size of that benefit. IPPR tested the methodology on five community pubs in different parts of England and Wales. The aim was to test how SROI can be applied to the pub trade, and provide a tool for any communities that wish to replicate the analysis for their own pubs. This chapter explains how to conduct an SROI analysis, and provides a worked example for the Land of Liberty, a pub in Hertfordshire. It then summarises the findings of SROI analysis for four other pubs.

4.1 About SROI

SROI is a way of understanding, measuring and reporting the social, economic and environmental value that is created by an organisation. It enables us to quantify the social costs and benefits of an organisation and express them in monetary terms, even if they don't actually have a price tag attached to them in real life.

SROI was pioneered originally by the Roberts Enterprise Development Fund, a San Francisco-based venture philanthropy fund. It has since been taken up internationally and has been developed in the UK by the New Economics Foundation (NEF 2007). In 2009 the Cabinet Office published a guide to SROI and called for not-for-profit organisations to use it to demonstrate their impact (Cabinet Office 2009). It is becoming an established methodology for calculating the full environmental, social and economic value being generated by an organisation. The following sections provide a guide for completing an SROI analysis for a pub.[4]

4.2 Stage 1: Map the impact of the pub

The first step is to scope out the impact the pub is believed to have on the local community. This will help decide which things we want to measure. It will require speaking to the landlord and local residents to understand how the pub affects its local community. When mapping the impact of a pub you should try to answer the questions below.

- Who is affected by the pub? This might include the customers, the landlord, the wider residential community and local community groups. We call these the 'stakeholders'.
- What activities taking place at the pub affect the stakeholders? This will include obvious things such as social events and pub sports teams. It will also include less tangible things such as people using the pub as a place to pass on information about local events and services. We call these the 'activities'.
- What was the result of these activities? Remember to include both the positive and negative outcomes of an activity. So for example a social event at the pub might help to extend people's social networks and enhance community cohesion. However it might also generate noise that disturbs neighbours. We call these the 'outcomes'.

When mapping the impact of the pub it is important to set the parameters for the study. This will help decide what is in scope for the analysis. For example you may decide you are only interested in the social impact of the pub, or alternatively you may only want to include its economic impact on the area.

Worked example: Land of Liberty, Hertfordshire

The Land of Liberty, Peace and Plenty is a pub in south west Hertfordshire. It serves a nearby village and has about 200 regular customers. The following SROI analysis only includes the *social* impact the Land of Liberty has on its community. This is because the focus of this report is on the social value of pubs. Of course the pub also has an important impact on the local economy and environment: for example, by employing staff and buying goods from local businesses. However these were beyond the parameters of our research project.

4 The SROI methodology described in this chapter was adapted from Cabinet Office 2009.

The first stage of the analysis involved spending a morning in the Land of Liberty to interview the landlord and witness the work of the pub. We also developed a questionnaire for the landlord to complete that required her to survey her regulars. Using this information – as well as the research presented earlier in this book – we were able to develop the impact map below.

Table 4.1
Impact map for Land of Liberty, Hertfordshire

Stakeholders	Activities	Outcomes
Customers	Play board games	Strengthened friendship; fun
	Play darts	Strengthened friendship; improved darts skills; fun
	Play boules	Strengthened friendship; improved boules skills; fun
	Raise money for charity through raffles, book sales, sponsored events	Increased resources for charity work
	Use free wireless computer network	Improved access to information and communications
	Made new friends	Improved wellbeing; strengthened community ties; reduced risk of social isolation
	Regular informal social contact	Reduced risk of social isolation; strengthened community ties
	Took part in quizzes	Improved general knowledge; fun
	Brewery tour	Strengthened community ties; fun; improved knowledge about local businesses and products
	Monthly book group	Improved knowledge of literature; fun
	Monthly film group	Improved knowledge of film; fun
	Use cash-back service	Improved access to banking services
	Receive lifts home from landlord	Reduced drink driving; safer transport
	Drink-related health problems, ambulance call-out	Pressure on ambulance services; poor health
Local residents	Scout and church groups use pub for meetings	More active community groups
	Morris dancing performance	Strengthened community ties; entertainment; strengthened local traditions
	Neighbourhood Watch coordinated by pub	Reduced fear of crime
	Flyers and posters advertising local events, businesses and services	Access to information about local events, businesses and services

	People gain work or practical help as a result of conversations in the pub (eg gardening, roofing, mechanic, graphic design, IT support, career advice, borrowing camera)	A better flow of information about local businesses, services and informal help
	Motor show	Strengthened community; pride at displaying cars
Local businesses and organisations	Use pub car park for secure parking	Peace of mind, reduced fear of crime
	Display flyers and posters in pub	A better flow of information about local events, businesses and services.
	Use pub car park for large church services	Reduced risk of accidents from on-street parking; easier access to church
	Customers and landlord help researching local history for village play	Improved knowledge about local area
	Local businesses share information about 'problem customers'	A better flow of information about local business issues; reduced risk of 'problem customers' in pub
Commuters	Commuters use pub like a service station (eg for toilets, baby changing, baby feeding)	Improved convenience for basic services
	Drivers risk hitting pedestrians walking to pub (no pavement and blind corner)	Increased risk of traffic accidents and injury

Black text = positive impact; orange text = negative impact

4.3 Stage 2: Check for double counting, deadweight, marginal outcomes, and drop-off

When conducting SROI analysis, we need to be sure that we do not magnify the impact that a pub has. There are three things to be wary of:

- **Double counting:** It is possible that some outcomes are listed twice, because they accrue to more than one stakeholder. It is important not to count the value of the same outcome twice.
- **Deadweight and attribution:** It is possible that some outcomes would have occurred without the pub being there. It could be that the outcomes were not the result of anything the pub did; or the activities could have taken place somewhere other than the pub.
- **Marginal outcomes:** There may be some outcomes that are simply too small to be worth collecting data on. It would be too time-consuming to take these marginal outcomes into account.

In some SROI analyses it is also important to think about how long an outcome will last. It may be that an activity can have an impact that lasts for several years, and you want to be sure to capture its full benefit. For example an early years centre might set children on a different path in life, and have an impact on a child that lasts for 10–15 years. Of course the impact of that activity will decline over time, as other things begin to play a more important role. We call this 'drop-off'. On the other hand, many activities will only produce benefits each time they happen.

The second stage of SROI involves going through the impact map and removing any outcomes that could lead to double counting, deadweight or marginal outcomes. It also involves identifying the duration of each benefit and when that benefit will cease.

Worked example: Land of Liberty, Hertfordshire

In our worked example, one case of double counting was identified.

- The outcome 'improved access to information about local events, businesses and services' – which was a result of flyers and posters being displayed in the pub – was counted for both 'local residents' and 'local businesses and organisations'. This outcome should only be counted once.

Four cases of deadweight and attribution were also identified.

- The use of a wireless computer network by pub customers. Given the rapid expansion of internet access to homes and mobile phones, it was not clear that the pub was solely responsible for this outcome: it would probably have happened without them offering wireless computer network access.
- The risk of drivers hitting pedestrians on the road. The risk of cars hitting pedestrians is not solely the result of customers walking to the pub. It is not possible to attribute this to the pub.
- Local community groups using the pub for meetings. It was assumed that these groups could have used other venues (for example, the church or scout hall) for their meetings. We therefore assume the value these groups place on meeting in the pub is the additional money they are prepared to spend in order to meet in the pub, instead of their own venues.
- The activity 'regular informal social contact' was linked to the outcome 'reduced risk of social isolation'. This outcome could not only be attributed to the work of the pub, as many customers could get social contact in other settings such as their workplace, cafes, homes etc. We therefore only count this outcome for customers who say they would have nowhere else to socialise if the pub closed.

These changes to the impact map are taken into account in table 4.2 below.

4.4 Stage 3: Identify indicators

Indicators are ways of knowing whether change has happened. After completing the impact map, we need to choose indicators that will enable us to measure the outcomes. This will help us to quantify the impact a pub has. For example, an indicator of whether a pub has contributed to extended social networks might be the percentage of pub-goers who said that they had made a new friend in the pub. In another example, an indicator of whether a pub has helped people exercise and have fun might be the number of people playing in the pub sports team.

At this stage, it is necessary to collect data for a consistent period of time. For the pubs in this study, indicators were collected for the 12 months before the SROI was calculated. We are therefore measuring the social value each pub had on its community over the course of one year.

Worked example: Land of Liberty, Hertfordshire

A number of indicators were chosen to help measure the outcomes identified in table 4.1 above. A questionnaire completed by the landlord, which also required her to survey her regular customers, was used to collect the data for each indicator. This data is presented in table 4.2 below.

4.5 Stage 4: Putting a value on the outcomes

The final stage of analysis is to attach a financial value to each outcome. This involves assigning a monetary value to things that do not have a market price.

The process of 'valuation' happens in markets everyday, as people establish how much value they attach to a good and therefore how much they are prepared to pay for it. So, for example, if you are selling a house you have to come to an agreement about what it is worth with a potential buyer. The challenge in SROI is to extend this process to goods that don't traditionally get traded and therefore don't have prices attached to them. So, for example, we need to find a way of attaching a financial value to goods such as stronger communities and better flows of information. The way this is done is to assign a 'proxy' or 'equivalent' value to each outcome. There are a number of ways to calculate proxies, outlined below.

- How much would it cost somebody to recreate an outcome if they had to pay for it themselves? For example, how much would it cost somebody to recreate the fun of playing darts?
- How much do people spend on similar types of activities? This gives an indication of the value people place on them. For example, how much do people spend on 'better health'?
- How much would people be willing to pay in order to achieve one of the outcomes?

- What are the cost savings that result from an activity? For example, reduced social isolation can reduce mental health costs.

These proxies do not mean that the outcomes have some kind of actual monetary worth. They merely help illustrate the overall impact of the pub by putting all of the outcomes into the same unit of analysis: money. It is important to report exactly which proxies you use and where you found the data for them, so that people can see clearly how you calculated the pub's impact.

Once the proxies have been identified, all that remains is to calculate the value of each outcome and then add them together to find the total social impact of the pub. It is important to remember to subtract any negative outcomes from the total.

In some forms of SROI, the total value of the outcomes is compared with the inputs in order to calculate the overall return on investment. However, as this study was only concerned with an isolated number of outcomes over a short period of time, our analysis focuses on the total value of the outcomes alone. It was not possible to identify how much was invested specifically for these outcomes over this period of time.

Worked example: Land of Liberty, Hertfordshire

Proxies were identified for each of the outcomes listed in our impact map. Some of these were easy to identify, for example the amount of money raised for charity already had a financial value attached to it. Others were more complicated, for example the reduced risk of social isolation required reading academic research into the benefits of social contact for people's mental health. The majority of proxy values in our worked example were calculated using the price people are prepared to pay for recreating an equivalent outcome.

Table 4.2 shows that in the 12 months preceding our analysis, the Land of Liberty generated just over £59,200 worth of social value for its surrounding community.

Facing page
Table 4.2
SROI for Land of Liberty, Hertfordshire

Land of Liberty, Hertfordshire (black text = positive impact; orange text = negative impact)

Stakeholder	Activities	Outcomes	Indicator	Proxy value	Total impact (£)
Customers	Play board games	Strengthened friendship; fun	Number of people who regularly played board games = 12	Cost of buying board games to play at home = £25	300
	Play darts	Strengthened friendship; improved darts skills; fun	Number of people who regularly played darts = 8	Cost of playing at local darts club 12 times per year= £34 http://www.rileys.co.uk/Default.aspx	272
	Play boules	Strengthened friendship; improved boules skills; fun	Number of people who regularly played boules = 10	Cost of joining a petanque club = £25 http://www.petanque.org/clubinfo/country/United+Kingdom/20	250
	Raise money for charity through raffles, book sales, sponsored events	Increased resources for charity work	Amount of money raised for charity = £15,000	Money raised for charity = £15,000	15,000
	Made new friends	Improved wellbeing; strengthened community ties; reduced risk of social isolation	Number of customers who say they have made a new friend while at the pub = 140	Annual cost of joining a social club = £99.50 http://www.roundtable.co.uk	13,930
	Regular informal social contact	Reduced risk of social isolation; strengthened community ties	Number of customers who say they have nowhere else to socialise, apart from the pub = 22	Value of befriending schemes for socially isolated people = £300 per person per year http://www.pssru.ac.uk/pdf/dp2772.pdf	6,600
	Took part in quizzes	Improved general knowledge; fun	Number of people taking part in pub quiz = 350	Cost of playing on a pub quiz machine = £12 (assuming £1/play, two-hour period).	4,200
	Brewery tour	Strengthened community ties; fun; improved knowledge about local businesses and products	Number of people who attended brewery trip = 30	Additional cost of attending a brewery tour as individuals = £5 http://www.tringbrewery.co.uk/brewerytours.html	150
	Monthly book group	Improved knowledge of literature; fun	Number of people who attended monthly book group = 8	Cost of an equivalent adult evening class = £75 http://hertfordshire.floodlight.co.uk/hertfordshire/courses-classes-lessons/subject/qualification/study/region/16180339/220706/100/domain.html	600
	Monthly film group	Improved knowledge of film; fun	Number of people who attended monthly film group = 6	Cost of an equivalent adult evening class = £75 http://hertfordshire.floodlight.co.uk/hertfordshire/courses-classes-lessons/subject/qualification/study/region/16180339/220706/100/domain.html	450
	Use cash-back service	Improved access to banking services	Number of times customers used cash back service = 312	Cost of roundtrip drive to nearest cash point one mile away = £0.80 http://www.hmrc.gov.uk/rates/travel.htm	249.60
	Receive lifts home from landlord	Reduced drink driving; safer transport	Number of times landlord gave lifts to customers = 36	Cost of taxi fare for 1.2 mile journey to station = £3.41 – http://taxiroute.co.uk/	122.76

	Drink-related health problems, ambulance call-out	Pressure on ambulance services; poor health	Number of customers suffering drink-induced health problems while at pub = 1	Average cost of ambulance call-out for 2009/10 = £220 (NAO data) http://www.connectingforhealth.nhs.uk/systemsandservices/pathways/news/fullreport.pdf	(220)
Local residents	Scout and church groups use pub for meetings	More active community groups	Number of times scout and church groups use pub for planning meetings = 10	Additional cost of holding meeting in pub rather than own venue = £17.50 (cost of five drinks at average of £3.50/drink)	175
	Morris dancing performance	Strengthened community ties; entertainment; strengthened local traditions	Number of people attending morris dancing performances = 75	Cost of paying to attend semi-professional folk dance performance = £11 http://www.berkshirebedlam.org/index.html	825
	Neighbourhood Watch coordinated by pub	Reduced fear of crime	Number of people receiving Neighbourhood Watch newsletters and notices = 75	Standard value for fear of crime (taken from NEF 2011: 24) = £110.50 http://www.neweconomics.org/sites/neweconomics.org/files/Degrees_Of_Value.pdf	8,287.50
	Flyers and posters advertising local events, businesses and services	Access to information about local events, businesses and services	Number of posters, flyers and newsletters advertised through the pub = 11	Cost of advertising in local magazine/paper = £55 http://www.watfordobserver.co.uk/advertising/tradeservices	605
	People gain work or practical help as a result of conversations in the pub	A better flow of information about local businesses, services and informal help	The number of people who gained work or practical help as a result of conversations in the pub = 124	Assuming activities last an average of four hours and are valued at UK median wage of £12.63/hour = 50.48 – Data from ONS Annual Survey of Hours and Earnings: http://www.ons.gov.uk/ons/dcp171778_241497.pdf	6,259.52
	Motor show	Strengthened community; pride at displaying cars	Number of people who attended motor show = 55	Cost of attending a small classic motor show = £5 http://www.classicshowsuk.co.uk/index.asp	275
Local businesses and organisations	Use pub car park for secure parking	Peace of mind, reduced fear of crime	Number of days local businesses used pub car park = 7	Cost of paying for local parking = £3 http://www.threerivers.gov.uk/Default.aspx/Web/CarParks	21
	Use pub car park for large church services	Reduced risk of accidents from on-street parking; easier access to church	Number of cars who used pub car park for church events = 28	Cost of paying for local parking = £3	84
	Customers and landlord help researching local history for village play	Improved knowledge about local area	Number of hours pub staff and customers spent helping to research local history = 12	Cost of commissioning history researcher = £40/hour – http://www.susanmooreresearch.co.uk/en-GB/charges.aspx	480
	Local businesses share information about 'problem customers'	A better flow of information about local business issues; reduced risk of 'problem customers' in pub	Number of times landlord swapped information about problem customers with other businesses = 3	Annual membership of a business networking organisation = £200 http://www.4networking.biz/	200
Commuters	Commuters use pub like a service station (eg for toilets, baby changing, baby feeding)	Improved convenience for basic services	Number of cars that left M25 to use pub like a service station = 365	Average cost of paying for public convenience = £0.25	91.25
				Total social impact of Land of Liberty:	**£59,207.63**

4.6 Limitations

When testing the SROI methodology on five case study pubs, a number of limitations with the methodology became clear. The biggest limitation was that it was hard to calculate the negative impact pubs have. By only speaking to pub landlords and customers, we were unlikely to hear from people who have been impacted negatively by a pub. For example we could not capture if regular drinking in the pub had put a strain on family life. These costs tend to be hidden from view. Nevertheless some landlords were open about potential negative impacts, such as the need to call an ambulance for a drunken customer, receiving an official noise complaint, and causing congestion when customers parked on the road. Where possible, we recommend future SROI analyses should interview members of the local community that do not visit the pub in an attempt to get a more rounded picture.

On the other side of the coin, it is likely that we didn't capture the full positive impacts of each pub either. For example we did not count people hosting celebrations (such as wedding receptions) as a social impact, because it was assumed these celebrations would have been held elsewhere if the pub was not present. However it is possible to argue that having a public place to celebrate life events is important to communities.

A second limitation with the methodology was that it is time-consuming. It required the landlord to survey customers in order to find how the pub had impacted on them, for example asking them if they had made new friends at the pub. It also required the landlord to complete a questionnaire quantifying how many people took part in pub activities. Some of the landlords we spoke to did not usually record this information and could not dedicate the time to complete it. Where possible, we recommend future SROI analyses remove some of the burden on landlords by visiting the pub and collecting the information directly.

A third limitation concerns the theory behind SROI: using proxies to give social goods a monetary value. SROI proved useful for capturing the exact mechanisms through which pubs can influence their communities and for quantifying them in a way that everyone can understand. However there is a danger that this information is used to spread a market logic into the area of social and community impact. It is important to remember that the point of these case studies is to illustrate that pubs have a wider benefit than the amount of profit they generate. They should not be used to start valuing or trading social goods in market terms.

4.7 Case studies

In order to test the SROI methodology, we analysed the social impact of five community pubs in different parts of the country: Hertfordshire,

Yorkshire, North Wales, Gloucestershire, and Bedfordshire. The aim was to identify specific examples of how pubs impact on their local communities, and to develop a methodology that enabled us to capture this information.

The worked example of the Land of Liberty, above, gives a detailed explanation of the methodology used. The boxes below summarise the findings for all five of our case study pubs. The complete SROI analyses for each pub are available in appendix C.

Box 4.1: Land of Liberty, Hertfordshire

The Land of Liberty, Peace and Plenty has about 200 regular customers. The pub serves a small village of less than 1,000 people, but it also gets customers from the nearby town of Chorleywood and from drivers leaving the M25.

The Land of Liberty is a 'typical local', relying on the sale of real ale for most of its business.

The pub clearly makes an important economic contribution to the area. It employs three full-time members of staff, three part-time staff, and spends over £5,000 a month at local suppliers.

But the SROI analysis revealed that the pub also makes an important social contribution to the local area. According to landlord Gill, many of the local customers use the pub 'like a lounge', coming to socialise, relax, read, play games or work. As a result many of the customers have made new friends at the pub, and many of them receive help or advice through conversations with other customers. The pub also lays on activities – from book groups to morris dancing – that enable people to pursue new interests and build a sense of community. There are countless ways in which the pub supports local organisations, such as providing free parking, hosting meetings, raising money for charity and convening the village Neighbourhood Watch.

The SROI analysis valued the social impact of the Land of Liberty to its surrounding area over the last year at approximately £59,200.

Box 4.2: Old Spot Inn, Gloucestershire

The Old Spot was one of the larger pubs in our survey, with 800 regular customers located in a community of about 8,000 people. The pub relies on serving both food and real ale for its

income. The Old Spot prides itself on using local suppliers: last year it spent just under £100,000 on local products. It employs 12 staff, seven of whom are full-time.

The Old Spot is located in a very active community, and the pub plays an important part in this. It is a hub for amateur sports, with cricket, tennis and a fun run all being organised by the pub. It also contributes to the cultural life of the town, providing a space for local musicians to practice and perform. The highlight of the year is 'celebrity chef night' when a regular customer is allowed to take over the kitchen for the evening! These activities all help to provide new experiences to local residents and build a strong community spirit. Like the other pubs in our study, the Old Spot helped to support other community groups by providing a space for meetings, displaying posters and raising money for charity.

The SROI analysis valued the social impact of the Old Spot Inn to its surrounding area over the last year at approximately £120,300.

Box 4.3: Ye Old Sun Inn, Yorkshire

The Ye Old Sun Inn is located in the smallest community in our study, a village of just 250 people in rural Yorkshire. However as a destination food pub, it attracts customers from a much wider area. Landlords Kelly and Ashley are known for the quality of food, and the pub is a venue for chef demonstrations, weddings and other events. As a result the pub employs a large team of 20 staff, six of whom are full-time.

While the business relies on serving meals to people from outside the village, the pub also provides important services for local residents. As the village has shrunk in size it has lost many important services and the pub has had to fill the gap. As Ashley explains: 'there is very little in the way of services – not even street lights – we have to provide the lighting for the old fella that walks home on a night after his beer!' The pub has become an important hub for services in the community, acting as a local shop, bakery, and even providing a meals-on-wheels service for one elderly gentleman.

The SROI analysis valued the social impact of the Ye Olde Sun Inn to its surrounding area over the last year at approximately £17,900.

Box 4.4: The Swan Inn, Conwy

The Swan Inn was one of the oldest pubs in our study, having served the residents of Llanfairtalhaiarn in North Wales for over 200 years. In remote parts of the UK like this, local institutions such as pubs take on an important role. While the village is lucky enough to still have a shop, the pub is able to offer many informal services such as holding people's spare house keys and collecting parcels if nobody is at home to receive a delivery. These informal services can make people's lives a lot easier. The pub also provides a place to relax and socialise in the village, offering pool, darts and dominoes. Conversations people have in the pub can help to spread information about local events and services, acting like a 'glue' to bind the community together.

The SROI analysis valued the social impact of the Swan Inn to its surrounding area over the last year at approximately £21,000.

Box 4.5: White Horse, Bedfordshire

Located in a large residential suburb near the University of Bedford, the White Horse serves a different sort of community to the other pubs in our study. It shows that a pub in a more populated area with a higher churn of customers can also have a positive social impact on its community. The pub provides a space for a wide range of activities: residents can practice and perform music, local businesses attend networking breakfasts, students come to study, and the Women's Institute holds regular meetings in the pub. One of the biggest impacts the pub had last year was to raise £32,500 for charity. The pub also plays a wider role supporting the local pub trade by training new licensees and convening a Pubwatch group to discuss local business issues.

Our SROI analysis valued the social impact of the White Horse to its surrounding area over the last year at approximately £71,900.

4.8 Summary

This chapter has shown that it is possible to measure in a more precise way the social value that an individual pub generates. This type of methodology could be employed by publicans seeking to apply for third sector grants, for example. Or it could be employed by local authorities in seeking to determine which pubs in their area could qualify for business rate relief. We hope that the methods used in this book can help pubs demonstrate the wider impact they have in their communities.

5. TIME FOR CHANGE

This report has so far made two arguments: first, community pubs are working within increasingly tight margins and are closing at historically high rates. Second, these pub closures do not simply affect licensees but have a wide social impact, too.

This chapter asks what needs to change if we are to put these community pubs on a sounder footing and give them a chance to succeed.

5.1 The case for change

Government is not to blame for all the problems facing community pubs. The industry itself needs to change and in particular the relationship between the pubcos and their tenants needs reform. There is also a great deal that pubs can do themselves to try to get through this recession, through diversifying what they are offering prospective customers.

Nor is it the job of government to support businesses that are selling products people no longer wish to buy.

However, the policy framework as it currently stands is hindering rather than helping community pubs. There are three main flaws with the current approach.

- The current policy framework is far too indiscriminate. Rightly, the government is concerned with reducing crime and promoting public health.

  However, in order to do this it has increased alcohol duties and brought in new regulations that, because of the size of their operations, have hit community pubs harder than the town centre bars that are most associated with the problems caused by excessive drinking. We need a more nuanced approach that targets the 'problem' drinking places and rewards and incentivises pubs that play a positive role in their communities.

- The policy framework is counter-productive. By making beer through the on-trade channel more expensive, while allowing it to be undercut through discounted sales in the off-trade, we are encouraging more people to drink, often excessively, outside the controlled environment of the pub.

Furthermore, beer sold through the off-trade generates less tax revenue and creates fewer jobs than beer sold in pubs. In these ways the policy framework runs directly counter to important public policy objectives.

- Policy fails to recognise that very many pubs are more than just businesses, but also perform important community functions which if lost can have a serious impact on the quality of local community life. The community pub therefore requires greater recognition in legislative and policy terms as an important local amenity.

5.2 Recommendations

The following recommendations aim to provide greater support for the majority of well-run community pubs that bring so many of the benefits described in this report and that are currently struggling.

5.2.1 Business rate relief for 'centres of community'

Pubs currently pay business rates like any other business, in a way that does not recognise the wider community role they play. Some pubs can benefit from rural rate relief of 50 per cent if they are the last pub in the village and they have a rateable value of under £10,500. There is an additional discretionary relief that a local authority can make available to such rural pubs where they are felt to benefit the community.

There is no reason why this should not apply to urban and suburban pubs as well, given the community contribution that we know many of them make. Indeed, rather than just refer to public houses, the government could introduce mandatory 50 per cent business rate relief for any business that also acts as a centre of community. This would help those pubs that perform the vital community functions we have described and also creates an incentive for other pubs to expand their local community role. Box 5.1 sets out the criteria such a centre of community would have to meet.

Box 5.1: Recommended criteria for business rate relief for a centre of community

There should be a mandatory 50 per cent rate relief for a premises occupied by a business that is also a centre of community.

A centre of community should fulfil all of the following criteria. It should:

- be a place in which local social networks are significantly strengthened and extended
- be a place in which people from different backgrounds mix and socialise to a significant extent

- provide important local public services, such as a post office, general store, internet access, a pharmacy collection point or free use of its toilet facilities
- have regular charitable fundraising taking place on its premises
- be used for meetings of local groups (for example, sports, cultural, political, business and voluntary groups)
- not cause significant problems of noise nuisance or crime, as certified by the environmental health department and the local police.

The extent to which these criteria are met can be measured using the SROI methodology set out in chapter 4 of this report. The research for the SROI study should be carried out by an independent group according to Communities and Local Government guidelines.

Mandatory relief should be granted by the local authority where the SROI research establishes clearly the business as a centre of community.

5.2.2 Eligibility for third sector finance to develop the community-oriented side of the pub business

We have argued that many pubs are not just retailers but also make an important community contribution.

This raises the issue of why such pubs should not be able to apply for third sector grants or loans. This should not require any change to policy because pubs could under current rules apply to become community interest companies (CICs), which are eligible for some third sector funding. This is a new legal entity established by the government to promote social enterprise (see box 5.2 for details). It might be an attractive model for community pubs because it recognises that they are businesses rather than charities, allowing profits to be made, but also ensuring there is an overriding community benefit as well. It might be particularly attractive in cases where local people step in to buy their local pub to prevent its loss: in other words where the primary motivation is not to make money, but rather to retain a community institution.

Chapter 4 of this report showed how community pubs might be able to measure in monetary terms their wider social impact, using the SROI methodology. This tool should help community pubs demonstrate their wider social impact, which will be critical in applying successfully for third sector funding.

Box 5.2: Community interest companies
Community interest companies are limited by shares or guarantee. They are allowed to pay dividends to their shareholders and make profits, but must also operate in the interest of the community.

Their community orientation is in part secured through the 'asset lock' mechanism, which means that the firm's assets and profits have to be either retained within the CIC or transferred to another asset-locked organisation. This ensures they cannot be sold on for private profit and must be retained for community benefit.

Community interest companies are monitored by a national CIC regulator. There are currently over 800 CICs operating in the UK.

Source: www.cicregulator.gov.uk

5.2.3 Reform planning law to protect community pubs

The status of community pubs as local amenities needs to be strengthened in planning law to prevent viable pubs being lost.

A mandatory viability test should be met prior to any application to change the use of the property from a public house to some other class of use. The CAMRA Public House Viability Test provides a model for this, setting out a number of key criteria for establishing viability including, for example, the potential local market, the existing competition and local transport links.

The government should close the loophole in the current law that allows developers to demolish a pub without permission for a change of use and then apply for a new use for a new building on the same site. This allows developers to bypass the existing protections and should be brought to an end.

5.2.4 Ban the use of restrictive covenants

It has become apparent that some pub companies are putting in place restrictive covenants upon the sale of their pubs that prevent a property being used as a pub in the future. The government is currently consulting on banning this practice and we believe that it should move quickly to do so.

5.2.5 Help for tenants to buy their pub

We know that the longevity of a licensee is critical to the success of any community pub. Our focus groups found that pub regulars like their pubs to be run by a person who lives locally and sees the pub as providing an important service to the community. We also know that the longevity of the licensee is critical in keeping any aggravation or trouble under control (Marsh and Fox Kibby 1992).

However, often pub companies or breweries sell pubs in clusters, giving existing tenants no opportunity to buy the pub. It is welcome that the government has now introduced a community right to buy for premises listed as assets of community value. What is needed now is legal and financial support for tenants to help them buy their pub.

5.2.6 Minimum pricing to reduce the price differential between the on and the off trade

The difference between the price of beer sold in the on and the off trades has led to more people drinking at home or in places other than licensed premises. As beer tax has increased, so too has the price of beer in pubs. The supermarkets are able to use their market power to ensure that increased duty is not passed on by their suppliers. They can also afford to sell alcohol at below cost and as a loss leader to entice customers through their doors and spend on other products.

Alcohol is not like any old commodity, because excessive consumption is damaging to health and contributes significantly to crime and disorder. This is why alcohol is taxed in the first place. There is therefore a case for preventing the sale of alcohol at very low prices. To do this a minimum retail price per unit of alcohol should be introduced.

The Scottish government is now implementing such a policy and in England the chief medical officer has voiced his support. Researchers at Sheffield University estimate that a minimum price of 40p per unit would reduce consumption especially among excessive drinkers and the young. While this would put up prices in shops and supermarkets, pub prices are already well above that level and would be unaffected. The policy could therefore help to close the price differential between the off and on trades, as well as ending irresponsible promotions (Scottish Government 2009).

5.2.7 Rebalancing the relationship between pubcos and their tenants

We have argued that the current policy framework is failing. However, pub closures cannot be laid at the government's door only. There is a great deal the industry itself needs to do to ensure the viability and sustainability of community pubs.

There is evidence that the beer tie and in some cases rent increases by pub companies have prevented otherwise viable pubs from succeeding. Opinion polls show licensees to be very concerned about the impact of the tie on their ability to compete.

The government should:

- introduce an independent arbitration system and a statutory code of conduct
- implement the recommendation from the Law Commission that Unfair Contract Terms Regulations should be amended to improve

protection for the smallest and most vulnerable businesses (employing nine or fewer staff)

- require pub companies with more than 500 pubs offering commercial FRI leases over a period of time to provide flexibility to lessees including a guest beer option and an option to become free of tie accompanied by an open market rent review
- support efforts to make it harder for pub companies to mislead potential lessees on business costs and turnover
- support moves towards greater market transparency by requiring pub companies to co-operate with the creation of a pub rents database, and to publish their wholesale price lists and details of discounts paid to lessees.

Government action to ensure commercial leases operate equitably in the pub sector would be a substantial boost for thousands of Britain's public houses and for the communities they serve.

5.2.8 Diversification

There is a great deal that pubs can do to diversify and develop their businesses. To the extent that pubs are suffering from changing consumer tastes and lifestyles, they need to change what it is that they are offering.

Many pubs around the country have been doing well by, for example:

- letting out rooms or setting themselves up as bed-and-breakfasts
- expanding the range and improving the quality of food they offer
- putting on a wider range of entertainment
- focusing on real ale, which can attract an important section of the beer-drinking community; some pubs have even opened up their own microbreweries
- providing a wider selection of drinks to appeal beyond the beer-drinking consumer, such as selling a wider range of wines.

As one landlady running a specialist real ale pub told IPPR:

> 'None of it is rocket science: so many pubs don't focus on real ale. They focus on music, on food, on parties, on numbers because it's a big place. Pubs are diversifying. Those that are successful will be those that do whatever it is that they do very well, whether it's beer or music or food or whatever. The bigger pubs that are trying to please all the people all the time, they'll struggle because you end up not doing anything very well.'
> Landlady, rural pub, Hertfordshire

To support the pub trade in diversifying, the government should continue to support the Pub is the Hub scheme, which is run voluntarily and provides advice and support for pubs in rural areas seeking to diversify.

5.2.9 Training and skills

The pub trade has a weak culture of training and professional development. After the initial mandatory licensing qualification there is no requirement for further qualifications and little incentive to take up courses. The professional body for the licensed retail sector, the BII, offers a range of inn-keeping courses but licensees have to pay for them at full cost. The Learning and Skills Council will only give support to people taking much longer courses that are felt to be impractical for people in the pub trade. The BII claims as a consequence that 'the licensed retail sector has been largely disenfranchised from the skills agenda' (APPBG 2008: 38).

The Department for Business, Innovation and Skills should therefore explore ways in which the licensed trade could be integrated into current systems of support for training and professional development. Improved training should also help counteract the extent to which community pubs suffer from alcohol-related disorder given that 45 per cent of alcohol-related disorder in pubs is due to poor management.

5.3 Summary

There is no magic bullet that will transform the fortunes of Britain's community pubs overnight. This chapter has set out a range of reforms to the current policy framework that as a package give greater recognition to the fact that local pubs are often more than just businesses, but also provide an important community service as well.

6. CONCLUSION

It is widely believed that over the last 30 years we have become a more private and individualistic society. Policymakers across the western world are rightly concerned about the social consequences of populations who increasingly stay at home, keep themselves to themselves, and become disengaged from their surrounding communities. While supporting community pubs will not on its own reverse such trends, doing so should form part of any wider agenda aimed at raising levels of social capital and fostering better connected, more vibrant local neighbourhoods.

This report has shown that community pubs are more than just private businesses selling alcohol. They are also in many cases community hubs, offering a space where local people can meet and socialise: as one of our interviewees described it, 'a place where a community can bounce off itself'. They are perceived by the public to be an important place where people from different backgrounds can meet and interact. They provide a meeting place for a whole myriad of local community groups and in some cases provide important public services, such as by supporting local post offices and general stores that might otherwise disappear.

There is no magic bullet that will reverse the tide of pub closures. Some people argue that the closures are entirely the government's fault, while others point the finger at the large pub companies. The truth, as ever, is more complicated than that and this report has argued that we need to take a broader approach if we are to support community pubs in the years ahead.

From government we need a more nuanced policy framework that focuses support on well-run community pubs and creates incentives for others to play an active role in their communities. We need greater recognition in policy terms that pubs are often more than just businesses, meriting greater protection from property developers and more support from the tax system. Greater support from government should be matched by serious reform to the way the industry currently operates, so that viable community pubs are not put out of business because of excessively high rents or beer prices.

If all this is done there is no reason why the community pub, one of our oldest and most popular social institutions, should not continue to open its doors and play a role in local community life for many generations to come.

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APPENDIX A: INTERVIEWS

IPPR conducted interviews with the following people during the course of this research. The interviews took place mainly by telephone between December 2008 and March 2009, although some took place in person.

Licensees in the following pubs:

- Estate pub, Hackney, east London (pubco tied)
- Village pub, County Durham (freehouse)
- Rural food-led pub, Somerset
- Rural pub, Derbyshire (tied, pubco)
- Village pub, Lancashire (tied, brewery-owned managed house)
- Village pub, Yorkshire (tied, brewery)
- Village pub, Essex (freehouse)
- Rural pub, Hertfordshire (freehouse)
- Village pub, Cumbria (freehouse)
- Rural pub, Gloucestershire (freehouse)
- Rural pub, Cornwall (freehouse)
- Two urban pubs, south London (one pubco tied, one non-tied)
- Urban pub, central London (pubco tied)
- Urban pub, Newcastle upon Tyne (pubco tied)
- Village pub, Cambridgeshire (freehouse)
- Village pub, Hertfordshire (community-owned freehouse)
- Village pub, Berkshire (community-owned freehouse)
- Rural pub, Lincolnshire (freehouse owned by parish council)
- Rural pub, Macclesfield (pubco tied)
- Village pub, Cambridgeshire (freehouse)

Interviews were also conducted with:

- Greg Mulholland MP, All Party Parliamentary Save Our Pubs Group
- Community pub activist, Cambridgeshire
- Mike Benner, chief executive, CAMRA
- Jonathan Mail, head of policy and public affairs, CAMRA
- Tony Payne, chief executive, Federation of Licensed Victuallers Associations

APPENDIX B: FOCUS GROUPS

Three focus groups were conducted during the course of this research, with the following participants:

- Inner city pub, Hackney, east London, December 2008
  - Elderly white male
  - Middle-aged Asian male
  - Three middle-aged white males
- Rural pub, Hertfordshire, January 2009
  - Five middle-aged white males
  - Two middle-aged white women
  - One young white man
- Village pub, Cambridgeshire, January 2009
  - One middle-aged white woman
  - Four middle-aged white males

APPENDIX C: SOCIAL VALUE OF PUBS CASE STUDIES

Appendix C continues on following pages 70–79.

Land of Liberty, Hertfordshire (black text = positive impact; orange text = negative impact)

Stakeholder	Activities	Outcomes	Indicator	Proxy value	Total impact (£)
Customers	Play board games	Strengthened friendship; fun	Number of people who regularly played board games = 12	Cost of buying board games to play at home = £25	300
	Play darts	Strengthened friendship; improved darts skills; fun	Number of people who regularly played darts = 8	Cost of playing at local darts club 12 tmes per year = £34 http://www.rileys.co.uk/Default.aspx	272
	Play boules	Strengthened friendship; improved boules skills; fun	Number of people who regularly played boules = 10	Cost of joining a petanque club = £25 http://www.petanque.org/clubinfo/country/United+Kingdom/20	250
	Raise money for charity through raffles, book sales, sponsored events	Increased resources for charity work	Amount of money raised for charity = £15,000	Money raised for charity = £15,000	15,000
	Made new friends	Improved wellbeing; strengthened community ties; reduced risk of social isolation	Number of customers who say they have made a new friend while at the pub = 140	Annual cost of joining a social club = £99.50 http://www.roundtable.co.uk	13,930
	Regular informal social contact	Reduced risk of social isolation; strengthened community ties	Number of customers who say they have nowhere else to socialise, apart from the pub = 22	Value of befriending schemes for socially isolated people = £300 per person per year http://www.pssru.ac.uk/pdf/dp2772.pdf	6,600
	Took part in quizzes	Improved general knowledge; fun	Number of people taking part in pub quiz = 350	Cost of playing on a pub quiz machine = £12 (assuming £1/play, two-hour period).	4,200
	Brewery tour	Strengthened community ties; fun; improved knowledge about local businesses and products	Number of people who attended brewery trip = 30	Additional cost of attending a brewery tour as individuals = £5 http://www.tringbrewery.co.uk/brewerytours.html	150
	Monthly book group	Improved knowledge of literature; fun	Number of people who attended monthly book group = 8	Cost of an equivalent adult evening class = £75 http://hertfordshire.floodlight.co.uk/hertfordshire/courses-classes-lessons/subject/qualification/study/region/16180339/220706/100/domain.html	600
	Monthly film group	Improved knowledge of film; fun	Number of people who attended monthly film group = 6	Cost of an equivalent adult evening class = £75 http://hertfordshire.floodlight.co.uk/hertfordshire/courses-classes-lessons/subject/qualification/study/region/16180339/220706/100/domain.html	450
	Use cash-back service	Improved access to banking services	Number of times customers used cash back service = 312	Cost of roundtrip drive to nearest cash point one mile away = £0.80 http://www.hmrc.gov.uk/rates/travel.htm	249.60
	Receive lifts home from landlord	Reduced drink driving; safer transport	Number of times landlord gave lifts to customers = 36	Cost of taxi fare for 1.2 mile journey to station = £3.41 – http://taxiroute.co.uk/	122.76

	Drink-related health problems, ambulance call-out	Pressure on ambulance services; poor health	Number of customers suffering drink-induced health problems while at pub = 1	Average cost of ambulance call-out for 2009/10 = £220 (NAO data) http://www.connectingforhealth.nhs.uk/systemsandservices/pathways/news/fullreport.pdf	(220)
Local residents	Scout and church groups use pub for meetings	More active community groups	Number of times scout and church groups use pub for planning meetings = 10	Additional cost of holding meeting in pub rather than own venue = £17.50 (cost of five drinks at average of £3.50/drink)	175
	Morris dancing performance	Strengthened community ties; entertainment; strengthened local traditions	Number of people attending morris dancing performances = 75	Cost of paying to attend semi-professional folk dance performance = £11 http://www.berkshirebedlam.org/index.html	825
	Neighbourhood Watch coordinated by pub	Reduced fear of crime	Number of people receiving Neighbourhood Watch newsletters and notices = 75	Standard value for fear of crime (taken from NEF 2011: 24) = £110.50 http://www.neweconomics.org/sites/neweconomics.org/files/Degrees_Of_Value.pdf	8,287.50
	Flyers and posters advertising local events, businesses and services	Access to information about local events, businesses and services	Number of posters, flyers and newsletters advertised through the pub = 11	Cost of advertising in local magazine/paper = £55 http://www.watfordobserver.co.uk/advertising/tradeservices	605
	People gain work or practical help as a result of conversations in the pub	A better flow of information about local businesses, services and informal help	The number of people who gained work or practical help as a result of conversations in the pub = 124	Assuming activities last an average of four hours and are valued at UK median wage of £12.63/hour = 50.48 – Data from ONS Annual Survey of Hours and Earnings: http://www.ons.gov.uk/ons/dcp171778_241497.pdf	6,259.52
	Motor show	Strengthened community; pride at displaying cars	Number of people who attended motor show = 55	Cost of attending a small classic motor show = £5 http://www.classicshowsuk.co.uk/index.asp	275
Local businesses and organisations	Use pub car park for secure parking	Peace of mind, reduced fear of crime	Number of days local businesses used pub car park = 7	Cost of paying for local parking = £3 http://www.threerivers.gov.uk/Default.aspx/Web/CarParks	21
	Use pub car park for large church services	Reduced risk of accidents from on-street parking; easier access to church	Number of cars who used pub car park for church events = 28	Cost of paying for local parking = £3	84
	Customers and landlord help researching local history for village play	Improved knowledge about local area	Number of hours pub staff and customers spent helping to research local history = 12	Cost of commissioning history researcher = £40/hour – http://www.susanmooreresearch.co.uk/en-GB/charges.aspx	480
	Local businesses share information about 'problem customers'	A better flow of information about local business issues; reduced risk of 'problem customers' in pub	Number of times landlord swapped information about problem customers with other businesses = 3	Annual membership of a business networking organisation = £200 http://www.4networking.biz/	200
Commuters	Commuters use pub like a service station (eg for toilets, baby changing, baby feeding)	Improved convenience for basic services	Number of cars that left M25 to use pub like a service station = 365	Average cost of paying for public convenience = £0.25	91.25
				Total social impact of Land of Liberty:	**£59,207.63**

Ye Old Sun Inn, Yorkshire (black text = positive impact; orange text = negative impact)

Stakeholder	Activities	Outcomes	Indicator	Proxy value	Total impact (£)
Customers	Raised money for Martin House Hospice	Improved resources for charities	Amount raised for charity = £700	Amount raised for charity = £700	700
	Use cash-back service	Improved access to banking services	Number of times customers used cash-back service = 12	Cost of roundtrip to nearest cash point (four miles away at garage) = £3.20 http://www.hmrc.gov.uk/rates/travel.htm	38.40
	Play board games	Strengthened friendship; fun	Number of people who regularly play board games = 12 (estimated figure)	Cost of buying board games to play at home = £25	300
	Wine tastings	Improved knowledge of wines; strengthened friendship	Number of people taking part in wine tastings = 60	Cost of wine tasting evening = £22.50 http://www.localwineschool.com/evening-wine-courses.asp	1,350
	Regular informal social contact	Reduced risk of social isolation; strengthened community ties	Number of people who say they have nowhere else to socialise, apart from the pub = 6	Value of befriending schemes for socially isolated people = £300 per person per year http://www.pssru.ac.uk/pdf/dp2772.pdf	1,800
	Made new friends	Improved wellbeing; strengthened community ties; reduced risk of social isolation	Number of customers who have made a new friend while at the pub = 46 (estimated by applying national average [23 per cent] to number of regular customers. For national average see figure 3.5)	Annual cost of joining a social club = £99.50 http://www.roundtable.co.uk	4,577
Local residents	Use pub car park for secure parking and school bus drop-off	Peace of mind; reduced fear of crime	Number of non-customers who used the car park = 1,560	Local car parking charges = £1 for two hours http://www.selby.gov.uk/service_main.asp?menuid=,&id=538	1,560
	Parcel 'drop-off' service	Improved convenience: having somewhere local to receive parcels and deliveries when not at home	Number of people who used parcel pick-up service = 30	Cost of roundtrip to Tadcaster sorting office to collect parcels (five miles away) = £4 http://www.hmrc.gov.uk/rates/travel.htm	120
	Door-to-door delivery for baked goods	Improved convenience: less need to travel to supermarket	Number of households that used door-to-door delivery = 900	Cost of roundtrip to nearest supermarket (three miles away) = £2.40 http://www.hmrc.gov.uk/rates/travel.htm	2,160
	Sponsored youth football team	Improved health; team building; fun	Number of young people supported to play football = 15	Total sponsorship = £300	300
	Used pub shop	Improved access to basic goods	Number of shop customers = 1,560	Cost of roundtrip to nearest supermarket (three miles away) = £2.40 http://www.hmrc.gov.uk/rates/travel.htm	3,744

	Monthly 'meals on wheels' for elderly gentleman	Improved health and wellbeing, reduced reliance on social care services	Number of 'meals on wheels' delivered = 12	Average hourly cost of home care worker = £15 https://www.education.gov.uk/publications/eOrderingDownload/PSSRU-1368-230X.pdf	180
Local residents, businesses and organisations	People gain work or practical help as a result of conversations in the pub	A better flow of information about local events, businesses and services	Number of people who gained work or practical help as a result of conversations in the pub = 20 (estimated figure)	Assuming activities last an average of four hours and are valued at UK median wage of £12.63/hour = 50.48 Data from ONS Annual Survey of Hours and Earnings: http://www.ons.gov.uk/ons/dcp171778_241497.pdf	1,009.60
Passers by	Use pub toilets	Improved convenience: somewhere to go to the toilet	Number of non-customers using the toilets = 100	Average cost of paying for public convenience = £0.25	25
				Total social impact of Ye Old Sun Inn:	£17,864

Old Spot Inn, Gloucestershire

Stakeholder	Activities	Outcomes	Indicator	Proxy value	Total impact (£)
Customers	Playing cards	Improved card skills; strengthened friendships	Number of people played cards regularly = 8	Cost of buying cards to play at home = £2	16
	Pub quiz	Improved general knowledge; strengthened community; fun	Number of people took part in pub quizzes = 240	Cost of playing on a pub quiz machine = £12 (assuming £1/play, two-hour period) http://en.wikipedia.org/wiki/Itbox	2,880
	Made new friends	Improved wellbeing; strengthened community ties; reduced risk of social isolation	Number of customers who say they have made a new friend while at the pub = 504	Annual cost of joining a social club = £99.50 http://www.roundtable.co.uk	50,148
	Regular informal social contact	Reduced risk of social isolation; strengthened community ties	Number of customers who say they have nowhere else to socialise, apart from the pub = 50	Value of befriending schemes for socially isolated people = £300 per person per year http://www.pssru.ac.uk/pdf/dp2772.pdf	15,000
	Raise money for charity	Increased resources for charity work	Money raised for charity = £20,000	Money raised for charity = £20,000	20,000
Local residents	Pub cricket team	Improved cricket skills; improved health; strengthened friendships	Number of people played in pub cricket team = 20	Cost of playing at local cricket club = £58 http://www.camcc.co.uk	1,160
	Pub tennis nights	Improved tennis skills; improved health; strengthened friendships	Number of people played at pub tennis nights = 40	Cost of joining local tennis club = £90 http://www.camanddursleytennisclub.co.uk/ClubInfo/Subscriptions/tabid/290/language/en-US/Default.aspx	3,600
	Pub fun run	Improved health; fun	Number of people took part in pub fun run = 84	Cost of entering fun run = £10	840
	Pub book groups	Improved knowledge of literature; strengthened friendships; fun	Number of people took part in pub book group = 6	Cost of enrolling on evening literature class = £264 http://www.gloscol.ac.uk/Zenntrix.aspx?a_id=5395	1,584
	Music practice	Improved music skills; strengthened friendships; fun	Number of times music practice space used = 4	Cost of hiring a local music practice space for two hours = £25 http://www.basesound.co.uk/rehearsal/rooms.html	100
	Music performance	Improved performance skills and confidence	Number of musical performances in pub = 18	Cost of hiring a performance space for evening £60 (quote from Dursley community centre)	1,080
	Live music nights	Improved musical knowledge; strengthened community; fun	Number people attended music nights at pub = 400	Cost of attending a local music performance = £10 http://www.soglos.com/gloucestershire-music-events	4,000

	Pub kayak trip	Learned new skill; strengthened friendships; fun	Number of people who attended kayak trip = 30	Value of kayak trip = £30 (using 'willingness to pay' methodology)	900
	Pub paintballing trip	Learned new skill; strengthened friendships; fun	Number of people who attended paintballing trip = 48	Value of paintballing trip = £40 (using 'willingness to pay' methodology)	1,920
	Pub tank-driving trip	Learned new skill; strengthened friendships; fun	Number of people who attended tank driving = 50	Value of tank-driving trip = £50 (using 'willingness to pay' methodology)	2,500
	Brewery tour	Improved knowledge about local businesses and products; strengthened community ties; fun	Number of people who attended brewery trips = 30	Cost of recreating outcome (by doing brewery tour as individuals) = £10	300
	Parcel 'drop-off' service	Improved convenience: having somewhere local to receive parcels and deliveries when not at home	Number of people using parcel pick-up service = 14	Cost of roundtrip drive to nearest postal sorting office 1.5 miles away = £1.20 (using HMRC mileage rate for car http://www.hmrc.gov.uk/rates/travel.htm)	16.80
	Host meetings for local community groups (scouts, cubs, church, WI, civic society, football team, rugby team, running team, Neighbourhood Watch)	More active community groups	Number of times local organisations held meetings at pub = 100	Additional cost of holding meeting in pub instead of own venue = £17.50 (cost of five drinks at average of £3.50/drink)	1,750
	Flyers and posters	Access to information about local events, businesses, and services	Number of posters, flyers and newsletters advertising through the pub = 63	Cost of advertising in local magazine/paper = £96 http://gloucs.thisisads.co.uk	6,048
	People gain work or practical help as a result of conversations in the pub (eg fix car, website design, plastering, building work)	A better flow of information about local businesses, services and informal help	Number of people who have gained work or practical help as a result of conversations in the pub = 100	Assuming activities last an average of four hours and are valued at UK median wage of £12.63/hour = 50.48 Data from ONS Annual Survey of Hours and Earnings: http://www.ons.gov.uk/ons/dcp171778_241497.pdf	5,048
	Celebrity chef night (local residents take over the kitchen for the night)	Improved catering skills	Number of residents acted as 'celebrity chef' = 8	Cost of cookery course for two people = £346 http://www.gloscol.ac.uk/zenntrix.aspx?a_name=CourseInfo&Code=CHCC12	1,384
Passers by	Using pub toilets	Improved convenience	Number of non-customers using pub toilets = 100	Average cost of paying for public convenience = £0.25	25
				Total social impact of Old Spot Inn:	**£120,299.80**

Swan Inn, Conwy

Stakeholder	Activities	Outcome	Indicator	Proxy	Total impact (£)
Customers	Play pool	Improved pool skills; fun	Number people played pool regularly = 20	Cost of playing at pool club = £34 http://www.rileys.co.uk/Default.aspx	680
	Play darts	Improved dart skills; fun	Number of people played darts regularly = 15	Cost of playing at darts club = £34 http://www.rileys.co.uk/Default.aspx	510
	Play board games	Strengthened friendship; fun	Number of people played board games regularly = 10	Cost of buying board games to play at home = £25/person	250
	Play cards	Improved friendship; fun' skill at cards	Number of people regularly playing cards over last year = 20	Cost of buying cards to play at home = £2	40
	Took part in quizzes	Improved general knowledge; fun	Number of people taking part in pub quiz = 180	Cost of playing on a pub quiz machine for evening = £12 (assuming £1/play lasting 10 mins)	2,160
	Regular informal social contact	Reduced risk of social isolation; strengthened community ties	Number of customers who say they have nowhere else to socialise, apart from the pub = 25	Value of befriending schemes for socially isolated people = £300 per person per year http://www.pssru.ac.uk/pdf/dp2772.pdf	7,500
	Made new friends	Improved wellbeing; strengthened community ties; reduced risk of social isolation	Number of customers who say they made a new friend while at the pub = 25	Annual cost of joining a social club = £99.50 http://www.roundtable.co.uk	2,487.50
Local residents	Music performance	Improved performance skills and confidence	Number of musical performances in pub = 8	Cost of hiring another local performance space for evening = £100 http://www.theatr-twm-or-nant.org.uk/venue%20hire.htm	800
	Music performance	Improved musical knowledge; strengthened community; fun	Number of customers attending live music nights = 400	Cost of buying ticket to watch local band = £6 http://www.theatr-twm-or-nant.org.uk/	2,400
	Parcel 'drop-off' service	Improved convenience: having somewhere local to receive parcels and deliveries when not at home	Number of people used parcel 'drop-off' service = 24	Cost of roundtrip to Royal Mail sorting office seven miles away = £5.60	134.40
	Key holding service	Improved convenience and peace of mind	Number of people leaving spare keys at the pub = 5	Cost of a residential key holding service = £438 http://www.keyholding.co.uk/contact/	2,190
	Community groups use pub for meetings (sports committee and school PTA)	More active community groups	Number of times community groups used pub for meetings = 8	Additional cost of holding meeting in pub instead of own venue = £17.50 (cost of five drinks at average of £3.50/drink)	140

	Flyers and posters advertising local events, businesses and services	Access to information about local events, businesses and services	Number of posters, flyers and newsletters advertising through the pub = 8	Cost of advertising in local magazine/paper for three weeks = £60 http://www.bookads.co.uk/Packages.aspx?REF=NorthWalesChronicle	480
Local businesses and organisations	Local businesses share information about 'problem customers'	A better flow of information about local business issues	Number of times landlord shared information with local businesses = 5	Annual membership of a business networking organisation = £200 http://www.4networking.biz	200
Local residents, businesses and organisations	People gain work or practical help as a result of conversations in the pub	A better flow of information about local events, businesses and services.	Number of people who gained work or practical help as a result of conversations in the pub = 20 (estimated figure)	Assuming activities last an average of four hours and are valued at UK median wage of £12.63/hour = 50.48 Data from ONS Annual Survey of Hours and Earnings: http://www.ons.gov.uk/ons/dcp171778_241497.pdf	1,009.60
				Total social impact of the Swan Inn:	**£20,981.50**

White Horse, Bedfordshire (black text = positive impact; orange text = negative impact)

Stakeholder	Activities	Outcome	Indicator	Proxy	Total impact (£)
Customers	Raised money for charity	Increased resources for charity work	Amount of money raised for charities through quizzes, raffles, music nights and events = £32,500	Amount of money raised for charity = £32,500	32,500
	Made new friends	Improved wellbeing; strengthened community ties; reduced risk of social isolation	Number of customers who made a new friend while at the pub = 23 (estimated figure)	Annual cost of joining a social club = £99.50 http://www.roundtable.co.uk	2,288.50
Local residents	Attend music events (live bands and open-mic night)	Improved musical knowledge; strengthened community; fun	Number of people attended music events last year = 2,160	Cost of buying ticket to music gig = £10 http://www.skiddle.com/whats-on/Bedford	21,600
	Perform at music events (live bands and open mic nights)	Improved performance skills; confidence	Number of bands/solo artists performing at pub = 524	Cost of hiring rehearsal studio = £10 http://www.soundarc.com/	5,240
	Attend karaoke nights	Improved singing and performance skills; fun	Number of people attending karaoke nights last year = 1,080	Cost of hiring karaoke booth = £35 for seven people http://www.karaokebox.co.uk/smithfield/rates/	5,400
	Use pub car park	Improved convenience; peace of mind	Number of residents used pub car park = 730	Cost of local car park = £0.60 http://www.beds.ac.uk/contactus/directions/bedford/parking	438
	Noise as people leave pub	Disturbed peace late at night	Number of official noise complaints = 1	Cost of sound proofing a wall = £310.60 http://www.noisestopsystems.co.uk	(310.60)
	Pub customers block street with cars	Congestion and lack of street parking	Number of pub events that have caused congestion and parking on street = 50	Cost of neighbours parking elsewhere = £0.60 http://www.beds.ac.uk/contactus/directions/bedford/parking	(438)
Local businesses and organisations	Networking breakfasts for local businesses	Improved business contacts; better flow of information about local business issues	Number of people attending fortnightly business networking breakfast = 15	Annual membership of a business networking organisation = £200 http://www.4networking.biz	3,000
	Use pub car park	Improved convenience; peace of mind	Number of times local business staff used pub car park = 1,095 times per year	Cost of local car park = £0.60 http://www.beds.ac.uk/contactus/directions/bedford/parking	657
	Use pub to change money	Improved access to financial services	Number of times local business used the pub for change = 12	Cost of lost custom to a business requiring change = £5 (assuming average sale of £5)	60

Local publicans	Mentoring new licensees	New entrants to the pub trade supported; local business growth	Number of new licensees mentored = 2	Cost of a training course = £132 http://www.inn-dispensable.com/page/1/APLH-NCPLH-personal-license-holder-training-courses	264
	Convened Pubwatch meetings	Better flow of information about local business issues, problem customers etc	Number of Pubwatch meetings = 24	Annual membership of a business networking organisation = £200 http://www.4networking.biz	200
Pub staff	Staff outing	Improved working conditions; strengthened team work	Number of staff outings organised last year = 2	Amount spent on staff outings = £1,000	1,000
				Total social impact of White Horse:	**£71,898.90**

POSITIVE IDEAS
for CHANGE