

## **All-Party Parliamentary Beer Group Inquiry: Unlocking Pubs' Potential**

**Summary of evidence heard on Wednesday 19 June 2019: 4-6pm.**

### **Parliamentary panel:**

Ruth Smeeth MP (chair, part 1), Mike Wood MP (chair, part 2), Lord Kennedy of Southwark, Marcus Jones MP, Gareth Snell MP, Liz McInnes MP

### **Witnesses:**

Polly Mackenzie, Chief Executive, Demos; Peter Martin CGA/Peach; Dr Thomas Thurnell-Read, Loughborough University (part 1);

Martin Wilby, Norfolk County Council cabinet member for Transport; Katie Bland, Licensee, Bird in Bush, Elsdon; Sacha Lord, Manchester Nighttime Economy Adviser (part 2).

## **1. Introductions**

**Ruth Smeeth MP** introduced the inquiry explaining that pubs were an important part of all MPs' constituencies, rural or urban, that too much had been taken for granted over the past 15 years and the inquiry was being launched to explore how to assist pubs in unlocking their potential and the policy changes from government that might help.

**Peter Martin** introduced himself as having 35 years' experience in the sector, as Publican editor, as the creator of M&C report, as a founder of the ALMR, board member of UK hospitality, founder of Peach and CGA market growth monitor. He said he was an optimist about the sector, there had been massive changes, most of the pressures around costs were unavoidable, eg business rates, food price inflation and salary costs, and these were putting pressure on the economics of bottom end pubs in particular. Numbers were down 23 % down in the last 5 years, but there was growth in managed houses because of the investment and their size. He thought the traditional model of husband and wife team running smaller pubs was unsustainable – the future of these was more likely to be co-operatives, local ownership or multiple operatives. They could help the local economy, through employment and local supply, particularly through the local food chain. The dangers of unintended consequences from well meaning legislation, on calorie labeling for example, could endanger this.

**Dr Thomas Thurnell-Read** explained he was a sociology lecturer at Loughborough and had spent 10 years exploring aspects of drinking culture and the interaction with peoples' lives and leisure practices. He said he was currently researching for the Campaign to End Loneliness into pubs' role in combatting social isolation; they were different to a normal retail leisure space - selling a social experience alongside alcohol. Looking beyond the doom and gloom of headlines relating to pub closures, he saw an interesting

conversation emerging about pubs' potential; it was a good moment to explore what pubs are beyond nostalgia - that pubs are changing, diversifying; the need was to consider and respond to the manner in which how people drink, as this is changing.

(Polly Mackenzie introduced herself later)

2. **Mike Wood MP** asked about the **key trends** in the sector

**Peter Martin** said pubs remained part of British culture and nostalgia, that there had been a move to food but this was peaking. People had wanted something more from a pub than being at home - which was why there had been the closures - and the challenge was to offer something more than being at home, something different; ideas for this were coming from entrepreneurs as well as the managed houses. The decline in alcohol sales had been accompanied by an increase in value- with craft beers, artisan gins, non alcoholic drinks etc - so providing people with **choice**. Polls showed the importance of this choice - eg among Londoners, half will have tried something different and half something tried and tested. The competition had been positive. Overall, the trend was to increasing standards.

**Thomas Thurnell-Read** said he thought there was a longer term trend to home drinking, and that this was mainly driven by supermarket off sales but also new offerings through online beer subscriptions and wine clubs as well. Pubs couldn't compete against these on price, or novelty, so it had to be for the **desire for something different**. Real ale and craft ales were offering something different in experience - but these could also be ordered at home, with consumers then meeting to discuss them on social media.

**Polly Mackenzie** thought a key challenge in society was the atomization and personalization of consumer experiences; the consumption of experiences online; the way high streets were changing meant the places where people come together as a community, where they meet strangers, were all under pressure. On line experiences put pressure on the sense people meet as communities, which was why it might make sense to think beyond market forces in valuing pubs as **places to interact**. Polls showed people didn't tend to fight over issues in pubs. Not all pubs were centres of social cohesion, but if a community lost a place for eating and drinking together it lost something valuable.

3. **Marcus Jones MP** asked, given the competition for 'experience', how much of a difference the **people** running pubs made to the experience, whether there was any research into this and what the economies were of the traditional 'husband and wife' team.

**Peter Martin** said managed chains put a large amount into **training** not least because staff turnover was costly; that having happy staff delivered a better experience but he wasn't aware of specific research. He said the 'husband

and wife' team was going out of fashion with leaseholds as well, largely because of economies of scale – two people trying to make a living out of a £4k a week pub, happy with making £25k a year, didn't suggest they might be the most dynamic people to make change happen. He said the frequency of going out to eat and drink hadn't really changed even with the growth of casual dining – the difference was in where people were going. For example, the growth of large late night food markets like Dinerama – which were essentially just big pubs, fulfilling the same function. It was a moving definition, but the essence of going out continued.

4. **Marcus Jones** asked whether pubs had a role in GPs' '**social prescribing**' alongside activities on allotments, coffee mornings etc; whether the NHS could make this link.

**Thomas Thurnell-Read** said there were exemplar case studies of pubs making use of their spaces. The common thread was the ability and desire of publicans to reach out – partnering with local charities or GPs to explain their offer. A pub in Nottingham provided an example of a confluence of trends creating a virtuous circle of welcome and social interactions. Diverse examples of pub events and groups included baby massage and guest lectures from the university.

**Polly Mackenzie** thought that one of the great transformations since the smoking ban was that people were much happier to go into pubs with children and the elderly. It wasn't economic to leave real estate empty for much of the day, and sometimes it could be as simple as offering coffee and some cushions. She saw that the shift patterns to allow this could well be more difficult with a husband and wife type team. The challenge was for local authority and healthcare commissioning groups to match up needs with the offers; they should maybe start a service matching offer.

5. **Viability: Lord Kennedy** explained that he had three very different pubs locally, and the key to the successful two appeared to be knowing what they had to offer and knowing their distinct clientele. It came down to having good staff who knew who was walking through the door.

**Peter Martin** said that demographics impacted this - the under 25s go out more whereas older people hesitated to go in. There was a big difference between a London pub, which could be distinct, and rural pubs had to be all things to all people.

**Polly Mackenzie** said in theory the market ought to fix it – if a landlord was bad the pub would make no money so would close down, but some pubs were stuck – eg where an owner wanted change of use. The question was what interventions should be considered to retain pubs as a community asset.

**Thomas Thurnell-Read** pointed to stories of pub owners using devious means to overcome change of use restrictions; it was important to

understand that pubs were more than a building as they were embedded into community life.

**Peter Martin** said the flip side was that pubs couldn't be preserved in aspic forever, but also needed to change for different generations – eg a new Dinerama – rather than being a specific shape.

**Thomas Thurnell-Read** explained authenticity was key, avoid a one size fits all approach, pubs that get passionate people involved – fill a space with a good product and people would respond. A common factor in poor pub reviews was disinterest from staff, lack of atmosphere and sense of community. People weren't engaged in those spaces. There were examples of microbrewery taprooms and brewpubs thriving by showcasing good products and passionate staff.

**Peter Martin** added that the main reason people gave for liking independent pubs was this authenticity. This was also evident in the growth of street food, market halls etc . The balance was in encouraging this entrepreneurship and passion and bring it into the industry.

6. **Mike Wood MP** asked if any particular types of pubs were better suited at **reaching out to communities?**

**Peter Martin** thought there were possibilities for any pub wanting to be part of their community, making use of their upstairs room. Looking to see what they could do to attract people in, using social media to pull people in, rather than specifically setting out with a 'loneliness' brief.

**Ruth Smeeth MP** pointed out that in her constituency 20% hadn't accessed the internet in 6 months, so it was important to recognise the different means of making pubs work in different communities.

**Thomas Thurnell-Read** added to this by outlining some of the cultural issues associated with pub going – for example, many in the elder generation grew up in a culture where women didn't go to the pub on their own, that some pub architecture was better than others for allowing people to be inconspicuous with a pint and a paper, that work and commuting patterns had changed pub use, eg in Nottingham, commuters might pop into a micropub by the station for a quick half pint today whereas previously it would have been a couple of hours in a local pub on the way home; that some events such as coffee mornings were much more welcoming for women; that men tended not to go out separately to their partners, unlike in the hay day of working mens clubs, and so it was important how pubs welcomed women. His research showed the importance of training staff to help by connecting people with the events on offer.

**Ruth Smeeth MP** added that research showed for C2DE men the trend was for going to the pub on their own. **Thomas Thurnell-Read** said that his

research via focus groups was looking at age and class as groupings and he would feed the results into the inquiry in August.

**Polly Mackenzie** added that mothers with small children were often lonely – as well as the elderly – and pubs could build connections here. She said that in rural areas pubs have struggled to articulate their need to be part of a story around economic development. The impact of rural transport also had to be considered – eg for the elderly without a driving licence – and so having a local bus going round for daytime activities as well as at the end of the evening.

**Liz McInnes MP** pointed to local pubs running save our green belt campaign, so not necessarily embracing new housing and regeneration.

**Lord Kennedy** asked about the future of isolated pubs with no regulars, to which Peter Martin explained he thought it very similar to the debate on the future of the high street. Manchester pubs were vibrant because people lived in heart of Manchester.

7. **Ruth Smeeth MP** asked how it might be possible to show the **value of community pubs** to more vulnerable groups.

**Peter Martin** said that there was data from the sales mix of pubs that have closed showing they tended not to have the right balance between eating and drinking – which needed to be roughly a third drink, a third food and drink and a third food. Consumer demographics could be overlaid on top of this sales data. **Polly Mackenzie** added research on payments data could show impact on transactions. **Thomas Thurnell-Read** mentioned his own qualitative research from talking to people in local contexts; he noted the scope for analysing social media to show venues using it in creative ways to engage customers and this could be presented.

8. **Mike Wood MP** asked how people saw the **future of the local pub**, whether they were optimistic; Polly Mackenzie said that Demos research found people tended to be more optimistic about themselves and their locality than the country, and so things closer to home, like local pubs and NHS, made people feel optimistic. **Peter Martin** said that this was similar among operators, where 2/3 were confident about themselves but only about 1/3 for the market.

**Thomas Thurnell-Read** said Dr Claire Markham's, University of Lincoln, research showed similar trends, in that people still see pubs at heart of rural communities, like a church, but don't use them. There was a difference between perception and reality in this vicarious consumption, expecting others to keep them going for the couple of times they might want to use them. **Polly Mackenzie** commented that nostalgia was a driving force – research found nostalgia for an institutional framework that held the nation together, like trades unions and churches. If they're valued for being places to get together, some sort of state intervention is needed to keep them. **Peter**

**Martin** warned against unintended consequences of interventions, such as the beer orders, which didn't put right what they set out to but resulted in a number of changes. And with food and health interventions, there was a lot of good things happening and much that could be done with local food and producers, but this could be at risk from well intentioned legislation such as calorie labeling on food.

## Part 2

9. **Martin Wilby** introduced himself explaining that as Deputy Leader of South Norfolk Council he had found pubs struggling, and launched the community pub of the year competition. They are the only local authority to organise a competition like this and it has meant the pubs have upped their game. Involvement with Pub is the Hub (Pith) followed. 250 of Norfolk's 1000 pubs are in Norwich, with the rest in market towns and villages, many of which have lost village shops. In looking at grants for farm shops, reading rooms etc, Pith's expertise helped by talking the right language, accessing grants and provided the confidence to invest in new facilities. These pubs contributed to combatting loneliness, employed local people including youngsters, and used local produce. A successful pub meant the right people behind the bar, good beer, offering good food and knowing their community.

**Katie Bland** explained she was co-owner of her pub, which was very rural – with 250 in the parish. She and her partner owned their grade 2 listed pub and were that traditional 'husband and wife team' albeit not married, with this their first pub. They had used their own capital to renovate the building, with funding from PiTH, Princes' countryside fund and the Post code lottery – other investment wasn't forthcoming. They had opened a bespoke kitchen – featured on Countryfile at Christmas – as wet sales alone wouldn't have been enough to keep going. They supported a micro brewery, space for an art gallery, and were all a group like minded people working together. They ran workshops, flower arranging, darts tournaments, live music nights, tournaments and a kitchen which responded to local need, eg two couples with partners with dementia who returned for the security of what they could provide. Care in the community was a massive part of their offer – recognizing that for mental health it was critical to have somewhere to go out to. When the previous pub had closed part of the community had died. It had been critical to them that it reopened with a welcome for all. The challenge was to get the funding to continue for the next 3-5 years, for some local public transport as there was none, and local footfall alone would not do it. Reducing the duty paid on alcohol would make a difference to their viability. Otherwise, all the community 'intangible values' wrapped up in the viability of this rural pub would be at risk.

**Sacha Lord** introduced himself as having 25 years' experience operating in Greater Manchester - bars and nightclubs – including Parklife, the biggest metropolitan festival in the UK, and the Warehouse project. He said he'd become frustrated at the lack of support for the night time economy – pub,

theatre etc – as the authorities didn't give due credence to a sector that employed 10% of the workforce – the 5<sup>th</sup> biggest employer in UK. Discussions with Andy Burnham, as Mayor, immediately following the Manchester Arena tragedy, lead to his appointment as night tsar a year ago. He had since been around the 10 boroughs of greater Manchester finding out what was working and what was not. His 5 point blue print was due out in July.

**Gareth Snell MP** said the Bird in Hand sounded more like a community facility with a revenue stream derived from a pub, and asked if this was a greater dividend than would come from a community shop, which Katie Bland agreed with.

10. **Ruth Smeeth MP** asked what the biggest challenges identified were, to which **Martin Wilby** replied **beer duty** and **business rates**, although the relief scheme provided helped with this. Also with **transport**. Most of their rural pubs couldn't rely on people in their village so had to attract from beyond. **Marcus Jones MP** asked how this squared with relying on the District Council's responsibility for collecting rates, and **Martin** agreed it tricky to balance against the different county council priorities.

**Katie Bland** pointed to the problems in **accessing funding** for a privately owned business, particularly given the costs of maintaining a listed building's doors, windows etc. They needed to attract footfall from outside, but there was no local transport.

**Sacha Lord** also identified problems associated with **finance**. The Trafford Enable Give scheme gave start ups an unsecured loan of up to £20k. He said that Greater Manchester had previously suffered from soulless bars in the 90's early 2000s, but this had turned around as people expected more of a quality offering. People now wanted more. Community 'giving back' was high, for example a Wigan pub closes down once a month for people with dementia.

**Gareth Snell MP** asked whether county council subsidies or other assistance could help with **local transport**, to which **Martin Wilby** replied buses were already subsidised, mostly in their rural areas, to the tune of £2.7m but it wasn't enough. There were also community hopper buses and community buses taking people for outings – including to the winner of the community pub of the year. But finance was tight at county council level and savings had to be made. Ideally, more community schemes would be funded but they needed more volunteers.

11. **Liz Macinnes MP** asked how the night tsar's remit balanced the city centre needs with wider **regeneration**, to which **Sacha Lord** replied it was about much more than the city centre. He was more interested in surrounding areas, for example **Altrincham** which had effectively been closed down by the Trafford Centre. A visionary, Nick Johnson, had then re-opened Altrincham market 4 years ago, with a business model allowing small

operators to open up low cost on peppercorn rents, who'd gone on to offer such a high quality food that people travelled in to the area, so attracting more pubs, bars and restaurants. Last year it won best high street in the UK. A similar market was being opened working with the leader of Oldham, Sean Fielding,, trying to attract in high quality offerings to a target area through offering peppercorn rents. Altrincham Market was open every day except Monday from 9am to 10 pm. The same model was being rolled out in Macclesfield. The council had adopted Agents for Change which made a real impact.

12. **Mike Wood MP** asked what advice or warnings for **regeneration**, to which Martin Wilby said the **Pub of the Year** competition got landlords together to compare notes, it was easy for other authorities to do and brought happiness to an area. Katie Bland said to do research on funding streams, put together a business plan, get advice locally, check out insurance policies and go to the council for help and advice before you start. Martin Wilby said pubs often ask for help before they start and it's a real positive. This was endorsed by Sacha Lord who said Manchester had a positive lead in this; but outside there was little consistency including in licensing. All key licensing stakeholders had to realise their role in regenerating high streets. **Mike Wood** asked why Manchester had taken the night time economy as an opportunity, when other authorities hadn't, to which Sacha replied part history – a tradition of sport and culture – which the city council understood for its importance in generating tourism income.
13. **Gareth Snell MP** asked about pubs' engagement with broader communities such as the health system for the work with the loneliness or dementia community and whether there was any recognition from them of the contribution they helped make. **Martin Wilby** said their community pub of the year competition took all this into account, it was an important part of the whole package. In south Norfolk the Help Hub worked with local pubs. **Katie Bland** said they hadn't looked for it, individuals acknowledged it but they hadn't looked for broader recognition.
14. **Liz Macinnes MP** asked to what degree the broader conference offer contributed to Manchester's regeneration, and the fact that people lived in the city centre. Sacha Lord replied that the feel of the space was important, for example in Salford looking at the long term options for food and drink with food and drink experts.
15. **Marcus Jones MP** asked whether an operator would prefer a fall in business rates or alcohol duty, to which **Katie Bland** replied from a rural perspective, alcohol duty because of footfall. Regarding how pubs could link better with local authorities and health providers to triage 'social' services, a local bus service would be critical to helping people get out, they would need more training to cover a fuller range of mental health or someone trained on site. What they did was listen to people – the social value of that was priceless. **Sacha Lord** agreed that transport was a central theme, that data on late night transport in Manchester was very slim so he'd had to research this from scratch, and that the **importance of employees** was recognized. That for 90% good operators there were 10% poor ones who didn't respect their employees, and an unhappy staff was reflected in a poor bottom line. People were increasingly looking at the hospitality sector as a skilled one and an

alternative to university, the **Greater Manchester Operators Standard**, that worked like a kite mark for transparency about tipping, employee mental health and alcohol welfare.

16. **Ruth Smeeth MP** asked about the role of different types of beer in creating an experience within pubs. **Sacha Lord** said even at big festivals the trend was now away from large pour beers; **Katie Bland** said they had a microbrewery and they had converted many of the traditional Stella drinkers to beer, and they had 34 gins from the local distiller Heppel. **Martin Wilby** said they held a local beer festival with 24 beers from 15 different microbreweries, raising £5k for the local charity. Another local pub held a 5 day beer festival. As to next steps, Martin said it was important for pubs to have a good relationship with the local authority, that help, advice and confidence was needed from Pub is the Hub. Katie said help from Pub is the Hub to carry on doing what they were doing well. Sacha Lord said when his blue print came out in July it would show the role of pubs in regenerating the area.

## **Addendum**

Dr Thomas Thurnell-Read also pointed to research into the role of pubs and bars for LGBTQ communities, in London and elsewhere. Closure of some such venues has a huge impact on established minority communities. Research at UCL has been exploring this: <https://www.ucl.ac.uk/urban-lab/research/research-projects/lgbtq-nightlife-spaces-london>