power to change | business in community hands

More than a Pub programme

Learning Paper – Journey of Community Pubs

Annabel Litchfield, Waseem Meghjee, Kandy Sisya, Alice Thornton

July 2021

Contents

Introduction

This is a learning paper, written for Power to Change by Renaisi, as part of their evaluation of round two of the More than a Pub (MTAP) programme. It summarises learning and insights from MTAP round two, which began in June 2019 and finished in March 2021.

This learning paper is delivered in conjunction with the MTAP Final Evaluation Report and Executive Summary. The final report provides full details on the background, delivery and impact of the programme. The purpose of this paper is to provide learning and insights related to the journey of community pubs as they progressed through the second round of the MTAP programme.

Data used to deliver this report

The data analysed within this report includes data from monthly reports held on MTAP enquiries and grantees. In addition to this, Renaisi have undertaken fieldwork visits and qualitative interviews with the following stakeholders:

- Five community groups that received support from the first round of MTAP and are now open (Open and Trading Pubs)
- Four community groups that received support from the second phase of MTAP (MTAP2 groups)
- Seven community groups that received support but have since been unsuccessful at buying their pub (Non-start groups)
- Three community groups that have received a bursary through MTAP, but not a Loan & Grant (Bursary only)
- Nine MTAP advisors, who provide support and advice to community groups through the programme (Advisors)
- Four representatives of loan providers, who provide loans to community groups through the programme (Loan Providers)

Limitations of this paper

It is important to note that due to the COVID-19 pandemic, the MTAP2 programme was paused and adapted between March 2020 and August 2020, and re-started in September 2020. As such, the qualitative research undertaken for this report was primarily undertaken in two key stages: (i) prior to March 2020 and (ii) between November 2020 and January 2021. Our findings from interviews undertaken between November 2020 and January 2021 take into account the context of the COVID-19 pandemic, particularly due to the impact of local and national restrictions leading to the majority of trading pubs being closed or providing limited services.

Early-stage groups and their development

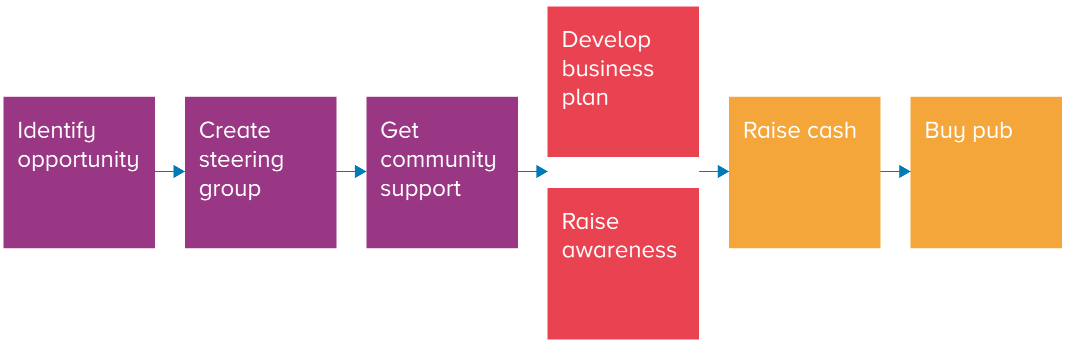
In this section, we explore the following evaluation questions concerning early-stage groups and their development.

Theme	Research questions
Early-stage groups and their development	– How do community pubs develop during their time with the More than a Pub programme? – Which decision-making processes are used by groups seeking to open a community pub during the early stages of their development?

How do community pubs develop during their time with the More than a Pub programme?

From our research with advisors, Plunkett Foundation and community pub groups, we have developed an understanding of the early stages of development for a typical community pub group (Figure 1). At the very beginning, community groups identify the opportunity to open a community pub, often by seeing a pub up for sale in their local area. They then create a steering group to drive the idea of a community pub forward and get community support to back up their plans. Once they are established, the steering group's main aim is to ensure their plans for a community pub are viable, both financially (by developing a business plan) and with sufficient community support (by raising awareness of their plans). The final stage is related to raising investment to be able to buy the pub and take it into community ownership.

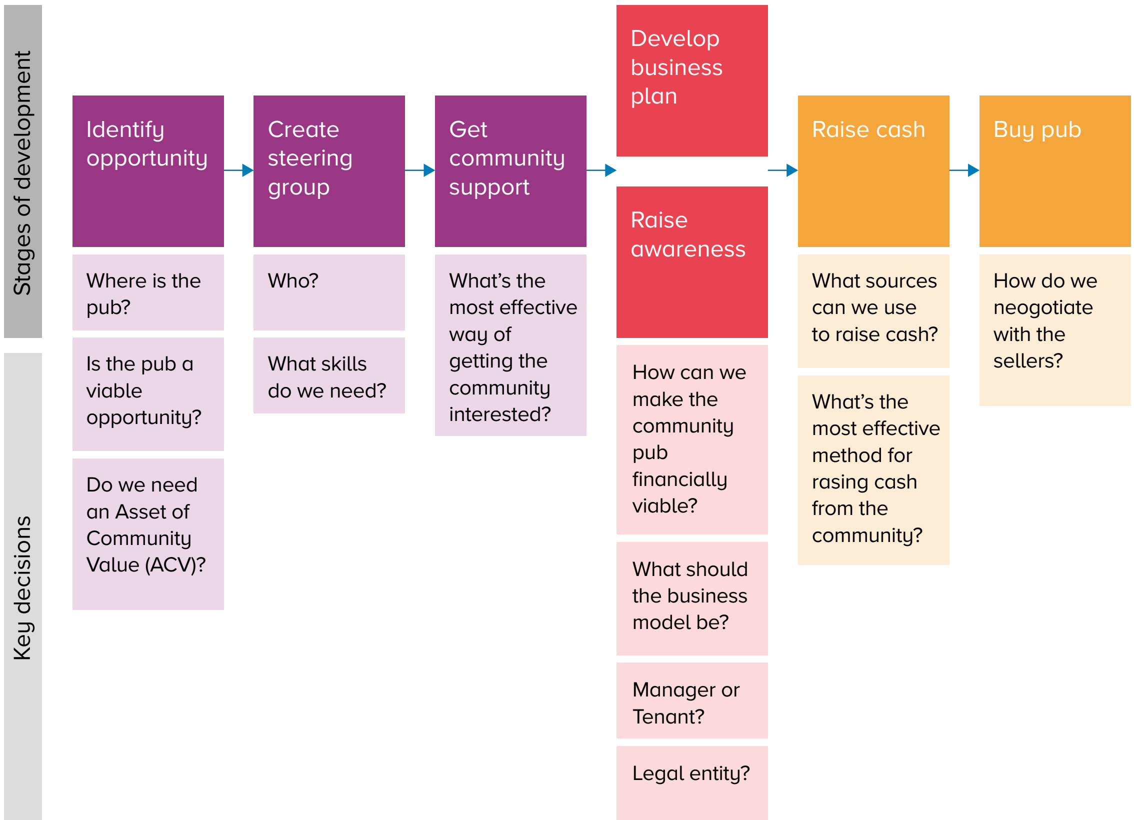
Figure 1: Early stages of development for Community Pub Groups



Decision making processes

At each stage of this process, community groups make decisions before moving on to the next stage (Figure 2). These key decisions include questions around whether the pub is a viable opportunity, what is the most effective way to gain community support and how to raise the funds to buy the pub.

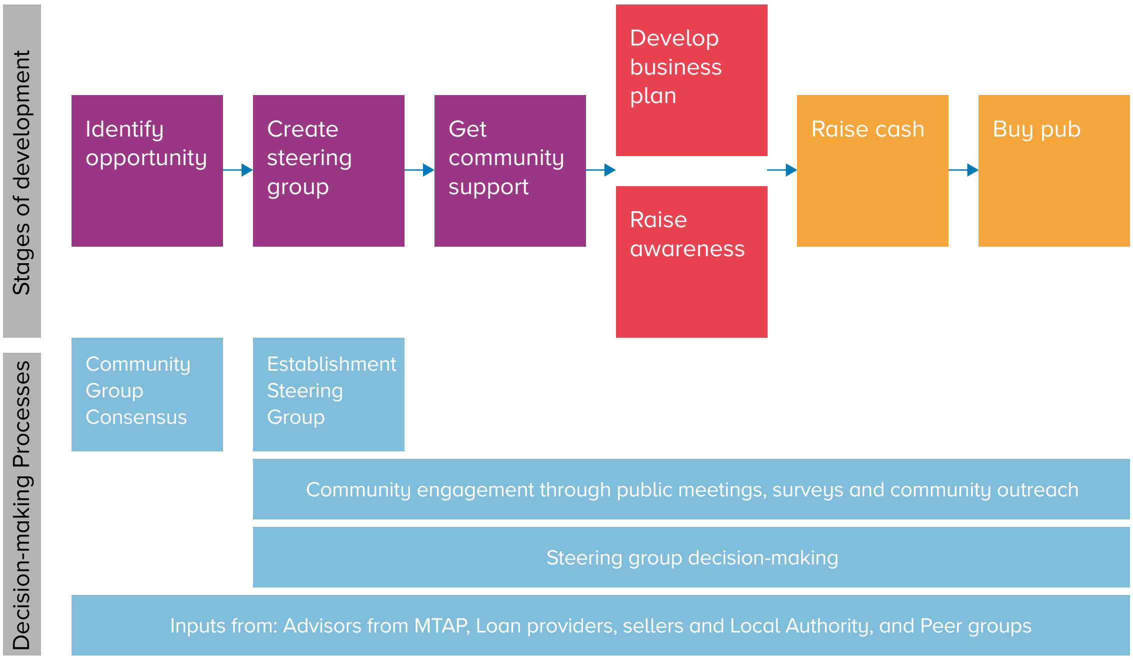
Figure 2: Key questions at each stage of development for community groups



To make these choices during the early stages of development, community groups use different decision-making processes. Some decisions are made by a steering group independently, depending on the skillset and experience of the group. For others, community groups use a variety of decision-making processes that rely on input from several stakeholders. From idea to purchase, inputs come from the following stakeholders:

- The steering group – members from the community who form the key decision-making function for all subsequent stages of development.
- The community – may have a say in what the community pub will look like and ensure the community pub meets the needs of the community.
- Other community-owned pub groups – to provide advice, encouragement, and confidence that community ownership can be successful.
- Advisors from Plunkett Foundation plus other community pub support organisations, such as Pub is the Hub and CAMRA – to provide support with community engagement, viability, setting up a legal structure, as well as creating peer learning opportunities with other community pubs.
- Loan providers, Seller, Local Authority – to move forward, community groups often need decisions to be made by each of these participants in the process.

Figure 3 Decision-making processes at each stage of development for community groups



As highlighted above, a key stage of development for community groups is **forming a steering group**, also referred to as a management committee. These steering groups or committees become a central part of the decision-making process in subsequent stages of development, as highlighted in Figure 3.

When an opportunity is first identified, the key decisions relating to whether the pub is a viable opportunity tend to be made informally, by the individuals from the community who have initiated the idea of buying a pub. However, as community groups progress to the next stage of development, community groups look to **create formal steering groups to lead the process**.

We have found that steering groups are mainly appointed in two different ways. Some community groups go through formal, public, and open election processes, where individuals interested in playing an active role put themselves forward for elections on to the steering group.

"It was all wrapped up in the mechanics of forming an elected management committee. We were an informal committee. We were moving the project forward. But we reached a point where we said, you know, this is a group of volunteers trying to act in the best interest of the community, we need to formalize their membership as an elected management team, such that decisions are taken by people who've been elected into positions and therefore they're justified in taking those decisions. For three months, we put most of the decision taking on hold… when we ran a virtual election to elect members of the community to the Management Committee."

MTAP Grantee

Other community groups recruit volunteers from the community to be part of the steering group.

"I held a public meeting. This means standing up on my own and part of the process… I was interested in getting pledge forms signed that night, but I was also interested in getting volunteers to help me on the Management Committee."

MTAP Grantee

Once established, the **steering groups function as a central component of the decision-making process for all the subsequent stages of development**. They function as an executive board, with positions such as Chair and Treasurer. They meet regularly to make financial decisions (through writing the business plan), fundraising approaches (by creating the share prospectus) and future direction of the community initiative (by way of planning what the pub would look like in the future). The steering group also maintains a dialogue with the community through a variety of means such as hosting public meetings or publishing updates in the local newspaper.

"We met weekly, to talk about what we were doing and who would do what. Some people were involved in finances… Some people were thinking about the future if we got the pub what we would do to make it a success financially and a community centre… Within the steering group, a small group of three were more involved [and] I was one."

MTAP Grantee

Once the steering group is established, the groups often use several different decision-making processes and consult with a range of stakeholders to support decision-making.

The **community is a key stakeholder in the decision-making process** for groups in the early stages, with steering groups in all cases conducting some form of community consultation. This community engagement is facilitated through a combination of community surveys, public meetings, and media such as Facebook groups or the local newspaper. The inputs range from determining if there is community interest in taking the pub into community ownership, to market research (such as how frequently community members go to the pub), to getting input on what the community needs are to plan for the social impact component of the enterprise. Such community consultations form the core basis on which community groups make decisions as it allows them to be informed on what the community want going forward.

"[There were] six of us originally. We got together and did a survey to see what the appetite was in the community to buy it ...The survey went around [the whole] village, there [are] 268 properties and 600 people. We asked [the community] how often they went to the pub beforehand and how often [they would go] if it was a community pub, and the ages of people in the family. [We asked] if we had the pub would they volunteer and what could they do to help. The result of the survey was very positive, [we] put it to vote and everyone said go ahead."

MTAP Grantee

"We have the whole public meetings once a month with an agenda... we published the agenda week beforehand. Everybody in the village is invited even if you're a member or not a member, anyone can come along, raise questions, make points. We inform [them and] discuss on the status of the project and the things that we need to take decisions on."

MTAP Grantee

To inform their decision-making, steering groups also get input in the early stages of development from their peers, i.e. other community groups that have successfully brought a pub into community ownership. The input they receive includes advice on what to do during the different stages, practical support with documentation required and encouragement. This support is frequently facilitated by MTAP, however, there are cases where this input is facilitated independently.

"First thing we did was go and meet another community group to see how they went about doing it. Very generous with processes and documentation and description of how they went about doing it and how they run it. [They were] very helpful and describing how they did that. We met with 2 to 3 other local pubs, community-acquired [ones that were] run by a manager. I [got] a flavour of what the demographics [were] and what would work in a variety of situations."

MTAP Grantee

As highlighted in Figure 3, steering groups receive input to the decision-making process from **MTAP advisors**. This includes support on deciding what legal structure the community group should pursue to design the community shares offer. This will be covered further in the next chapter.

Steering groups also receive input from **loan providers, sellers, and their Local Authority**. All three play different roles as external stakeholders that influence decisions like how much money community groups need to raise, what loan repayment terms will look like, and if the pub can be registered as an Asset of Community Value.

Common challenges and barriers to development

Whilst many groups develop during the MTAP programme, challenges and barriers remain for community groups trying to purchase a pub, which can be caused internal or external factors.

Internal challenges	External challenges
Steering group issues Lack of understanding & knowledge Struggles after opening	Financial opportunity presented by the pub site Reluctant seller Lack of understanding amongst the community Lack of funding

Internal challenges

Steering group issues

As mentioned above, steering groups play a central role in the various stages of development of community groups seeking to bring a pub into community ownership. Therefore, the time, confidence and commitment needed to campaign for community ownership requires **a steering group with the relevant skills and availability** to be involved.

This can be a particular challenge for community groups in lower Index of Multiple Deprivation (IMD)[1] areas: wealthier areas are more likely to have well-educated, well-connected people with professional and business-related backgrounds and the confidence to take on a project like this, which suit the skill set required for the committee. In addition to having the skill set required, community group members are typically retired or semi-retired and therefore have the capacity to be more proactive in their projects.

[1] English Indices of Deprivation 2019. The IMD measures relative deprivation in areas in England. Seven domains of deprivation are included in the IMD: income, employment, education, health, crime, barriers to housing and services, and living environment. Available at: https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019

"There are a few things that are difficulties with the [More than a Pub] scheme in general. Sometimes I feel that it's skewed towards the big society, it is really dependent on there being fairly well-educated people with experience and with time on their hands, some of the most deprived communities they rarely get through to the stage of even applying."

MTAP Grantee

Even if a steering group has the key skills and capacity to be successful, they may not move to community ownership if there is not **sufficient cohesion within the group**.

"Group dynamics and groups being open and democratic and having a wide enough group of people who are sharing the load. I worry with some groups that are basically 1-2 people driving it. I am always happier if several people are cc'd in email or contacting me about problems."

Advisor

"Cohesion between the group [is a challenge], if there's any conflict there [it] needs to be resolved by [the] chair...The ones that have worked, they have had a good vision, business plan, support of community [and] funders."

Advisor

Further to issues of cohesion, community groups also face **the challenge of how demanding the process** of bringing a pub into community ownership and running a pub as a community business can be. This is a challenge that can result in the wavering participation of volunteers in the process.

"By March 2019 I had become chairman [because] other people had fallen by the wayside as a result of stress, [it was] very stressful. [We are all] surprised by how stressful it is because if you are working, at least I could come home and say goodbye whereas here, you can be walking home and someone comes up to you about the pub. Being involved in a community business can be a 24/7 job."

MTAP Grantee

Lack of understanding and knowledge

A common challenge faced by community groups is a lack of understanding and knowledge of the various components of buying and running a community pub. These gaps in knowledge can relate to the technical processes involved, what the process entails and what the social impact of the pub could be.

Community groups often **lack technical knowledge** about various aspects such as setting up share offers and how to register a pub as an Asset of Community Value. This can be the result of a lack of experience in the sector as well as poor advice received from sector stakeholders. As discussed in the next chapter, MTAP advisors work to fill in these gaps in knowledge and guide community groups through these processes.

Further to this, community groups often **lack an understanding of the diverse components** involved in the process of buying and running a community pub. For example, community groups often do not understand the potential timescales involved. This presents a challenge as community groups can feel unprepared and overwhelmed.

"Often they don't realise the timescales. Think 'we've got 6 months' [for the Asset of Community Value moratorium] – but it takes a long time to get a bank account, etc. I work backwards with them and let them know what they need to get done by what dates."

Advisor

Finally, a common challenge faced by community groups is **understanding their social impact**, which makes it hard for groups to plan for the community benefit aspect of their community pub.

"The social impact, people get by with it, they manage, I just think that of all the aspects this one is most alien to them. If you come from the third sector it is pretty straightforward, if you're not, and most do not have people in the third sector, it is less so."

Advisor

Struggles after opening

Even if a community group has been successful at purchasing a pub, this does not necessarily translate to the successful running of a pub. Many community groups do not have experience of the running of a pub and struggle with day-to-day elements such as trading, policies, procedures, finance, staffing and management models.

"[MTAP] were very helpful with the fundraising there was loads of literature and the staff themselves were really helpful, but nobody prepared us for the time we actually achieved the goal of buying the pub. It has been a very steep and hard learning curve...I don't think [we] expected what it would be like. [...] some down-to-earth advice about what happens after would be great."

MTAP Grantee

"None of us knew how to do any of it. The chair has his own business, I used to run a big company. Running a pub is a different beast, none of us had any experience, [we have] experience of running a business, [we] know what to do in terms of running profit. How you do that in this trade [is] new to us. Finding the right staff was a challenge..."

MTAP Grantee

"The biggest issue of running the pub is the staffing, making enough money and keeping the staff."

MTAP Grantee

External challenges

In addition to the internal challenges faced by community groups, they can also face challenges caused by external factors.

Financial opportunity presented by the pub site

Pubs tend to be in prime locations with good development prospects if converted into homes. This creates challenges for community groups trying to buy the pub because **vendors are incentivised to sell to developers for a higher purchase price**.

"Many pubs are seen as targets by developers as a financial opportunity. Lots of people with money see these pubs in small communities as opportunities to turn these pubs into houses because they know small village pubs like these aren't financially viable and the owners don't have many financial opportunities, so they take advantage..."

Open and Trading pub

In cases where this financial opportunity exists, many owners seek to sell to a developer and **attain a change of use**, from pub to a private dwelling. This can lead to challenges for community groups trying to buy the pub. Vendors are often looking for more than the community group can afford or what the community group's valuation indicates, leading to disagreement over the asking price.

"But instead of selling the pub as a going concern, [the owner] shut the doors and sat on it. And I think from his point of view, one day, he's going to get a change of use, and he's going to sell it, and he'll get £800,000 or £900,000 for it."

MTAP Grantee

Reluctant vendors

One of the biggest issues faced by community groups when trying to buy a pub is facing a reluctant vendor. Vendors are understood to be reluctant to sell for a number of reasons.

As highlighted above, pub sites can present a financial opportunity for vendors, with vendors frequently more incentivised to apply for a change of purpose and sell the pub to developers. This presents community groups with a challenge as this can often lead to a difficult relationship with vendors and a **confrontational dynamic**. This can lead to community groups being denied access to the premises for valuations or offers not being responded to. In most cases, poor relationships stop the process even if there is community interest and potential to raise funds, as owners are more willing to sell to private buyers.

"The main problem is reluctant sellers. That is by far the biggest problem. Pubs are often in prime locations – their value as anything other than a pub is three times the value as them as a pub. People want to convert them into homes, so the group put an Asset of Community Value – and have a valuation. This gets them into difficult and confrontational relationships. The community gets motivated to buy a pub and a developer starts feeling embattled."

Advisor

A core component of this confrontational dynamic can stem from the fact that vendors are understood as **not taking community groups seriously** in their offers.

"Things outside of their control – most important of all is the relationship with the vendor or the owner of the pub. The number of situations I've seen where relationships start off okay and then they deteriorate, end up with stand-off... Sellers don't take community groups seriously."

Advisor

Another significant aspect of the confrontational dynamic between vendors and community groups is based on **disagreements over the value of the pub** and therefore what the asking price should be.[2] In some cases, vendors refuse to negotiate with community groups and in other cases, vendors have refused community groups from being able to carry out their own independent valuations of the premises.

"Owner had set the price at £300k and she wasn't going to budge. She did want to sell [the pub] to the community. [But] she had got a plan B...Her plan B was she wouldn't sell the pub as anything else, but her plan was to shut down the pub area and let the accommodation upstairs."

MTAP Grantee

[2] Pub valuations are made on the basis of their trading potential, not their property development potential. If the sale price is based on the pub's development value, it is risky for groups to bid above the trading valuation even if they could in theory raise enough to bid at the asking price.

Case Study: **Reluctant Seller**

This community group are based in a small village with 750 people and 250 households. Their village previously had two functioning pubs, one of which closed a decade ago. The second pub closed more recently and since then the community has started a campaign to save the pub. The campaign to save the pub and bring it into community ownership has been run for up to six years now and the key challenge the community group is facing is a reluctant vendor.

"Well to cut a long story sideways, we had the pub surveyed and valued, we had a professional valuation done... And prior to that we went around the village to see if we could get money to buy the pub, we prepared a prospectus, a business plan, and all the rest of it. And we got 82 people in the village to commit over half a million pounds in total to buy this pub. The problem that we've got is twofold. One, they wouldn't let [the valuers] into the pub, because it's in a state of disrepair. They wouldn't even let them in! And secondly, the landlord thinks that the pub is worth twice what [the formal] valuation was. So, we've made three offers, actually. And the last one was in line with the [formal] valuation of £450,000, which I thought was actually quite generous because the revamping of the pub is going to cost us anywhere between £150-300,000. So, we could be in for three quarters of a million pounds. And we made an offer in the state that [the pub] is, in line with [formal] valuation of £450,000. And the guy didn't even bother to reply, and neither did his agent. So, we [were] in a position where he [thought] that it's worth, I think he's come down from £900,000 to £825,000. And, you know if you haven't got a willing seller, it's very difficult to buy something."

MTAP Grantee

MTAP aims to support community groups in this situation by engaging with the agents/owners and supporting negotiations. However, despite this support, there were very few cases where difficult relationships with owners led to successful community pub ownership.

Lack of understanding and engagement amongst the community

A common challenge faced by community groups is a lack of understanding and/or engagement from the community. Community groups can find it difficult to get the support of the community in buying shares. This is because there is often a **lack of understanding of technical information** such as shares prospectuses, cash flows and insurance. This meant that while community groups can have the support of the community with the idea of accruing a community pub, this does not always translate to funds raised.

"People were happy to contribute, but they didn't really understand what it was they were investing in. The fact that by buying shares, they were becoming participants or members in the venture. That took a fair bit of explaining... The more senior people who probably had a stronger feeling for this than many others, but when [they were] presented with these documents with [protection and indemnity insurance] and cash flows, and all the rest of it, they tended to frighten them. And the reaction was, really, I'm not sure I want to get involved in this. It's far too complicated and far too risky."

MTAP Grantee

Community engagement can be a challenge for community groups at the beginning of the process: there may be little appetite or enthusiasm within the community to buy the pub, and community groups need to do their market research in these initial stages to ensure they are meeting a local need. Even if the community are engaged and interested at the beginning, it can be difficult to maintain this momentum, particularly because purchasing a pub can be a lengthy process.

"If the broader community [is] not interested in buying the pub, that is a key barrier."

Advisor

"The problem is keeping people interested. [We] already had £70,000 odd from people, they want to know what is happening with their money and [if] the pub can't use that money might have to give it back. [It was a] matter of moving between [challenges and] trying to spread confidence in the community at the same time [we were] worrying about not being able to do it."

Open and Trading Pub

Lack of funding

A common challenge for community groups was the ability to **raise enough funds** to buy a community pub. Aside from the MTAP programme, many community groups have struggled to access grants or loans to bolster a community share raise or other sources of investment.

In raising community shares, **community groups have struggled to strike the balance between needing to raise enough money and setting a minimum share ask**. They also struggle with projecting how many people would buy shares and how many shares they might buy.

"Raising money is a key barrier and how realistic that is for the community, getting the minimum share right. [There is a tension] between wanting [a] lower minimum as possible but [needing] to raise almost always six figures."

Advisor

This is particularly a challenge in lower IMD areas, where what communities can afford in terms of investing in their community pub may be lower and there may be a smaller base of potential shareholders.

"The [pub] I am working on now is probably the most challenging, [it is in an] urban, more deprived area. [They need a] fairy god mother able to oversee it and sprinkle stardust. [The community] will struggle to raise the money they need from community shares because of the very nature of the area."

Advisor

Community groups also often found it difficult to raise funds from other avenues such as funders and local charities. This is because there are very few sources of grant funding that fund projects like these.

"A barrier is that very little in terms of grant funding for [community groups]. More than a Pub is the only thing at the moment. Groups have to raise it through community shares or loans."

Advisor

Additional sources of support on the journey to success

As mentioned in the section above, a common challenge faced by community groups is a lack of funding to purchase the pub outright without additional investment. As a result of this, a key aspect of the journey of successful groups is raising additional funding to supplement their community share offer and MTAP funding, if approved. This is the case for all community groups, regardless of whether they received full or little MTAP support. These groups raise funds and investments through a variety of means:

Additional Funding and Investment
Angel investor or benefactors: individuals who invest significant amounts of funds as shareholders or have provided a loan or donated separately to buying shares
Community fundraising: where funds are collectively raised as a community through shares or fundraising like community events
Other funders and local stakeholders: such as the council, local authority, local charities and trusts
Independent loan providers: where the community groups take out loans separate to the one available through MTAP
Resources from personal networks: to find shareholders from outside the community or professional input such as pro bono support
Local partners: where the community group partner with other stakeholders such as developers

Figure 4 Additional sources of funding and investment used by successful community groups

It is important to note that while all successful community groups have raised funds and investments through these means, each journey is unique in terms of the mixture and proportion of funding and investment sources. Some community groups were able to raise sufficient funds through community shares and community fundraising combined with the loan and grant provided from MTAP, whereas other community groups used multiple sources.

Case Study: **Additional Funding and Investment**

This community pub received action planning support as well as a bursary grant for their early stages of development. The pub that they were looking to buy was valued at £340,000 and required additional funding to complete significant renovations. Using a combination of sources of funding, they were able to raise £530,000. This included funding from local charities and trusts, a community share offer and a loan from a local ethical investment bank.

"The pub was about £340,000. The community [shares] raised £215,000 or so. So there [was] about a £125,000 gap between the two…. There was also we reckon [about] £70,000 to £80,000 pounds worth of renovation that needed doing. There was the blended funding from More than a Pub, a grant and loan support of £100,000… We [also] did get £20,000 from [a trust], which is a local charity set up from the proceeds of selling land to [a private company] … And then finally, we topped off with £100,000 from [a bank]. [The bank is an] ethical investment bank who specialize in social projects. And they gave us a very favourable loan. So, we ended up with about £530,000, of which we still have £120,000 in the bank, but that largely will go towards renovating the pub when we started that."

MTAP Grantee

Journey of community groups that do not receive support or are unsuccessful

In this section we look at the following research questions related to the journey of successful groups who received minimal support from MTAP, and the journey of unsuccessful groups:

Theme	Research question

Understanding the journey of community groups that do not receive MTAP support or are unsuccessful	• What is the journey of community groups that buy their pub without MTAP support (or minimal support such as some advisor time or a bursary)?
	  • How does this compare to the journey of pubs receiving full MTAP support?
	  • What, if any additional funding and investment do, they raise, including community shares?
	• What is the journey of community groups that fail to buy their pub?
	  • How does this compare to the journey of pubs receiving full MTAP support?

Journey of success with little MTAP support

In some cases, community groups are successful in the purchase of their community pub with little support from the MTAP programme. For example, they may have received initial advisor support or the bursary, but then did not go on to receive the MTAP loan and grant. In total, 238 community groups received the initial action planning and early stage advisor support and 167 community groups received the bursary. Of those groups that we interviewed, only one was open and trading, whilst the others were still in the process of buying their pub. The case study below describes the journey of the community pub that was open and trading.

Case Study: **Journey of success with little MTAP support**

Support received from MTAP

This community pub received a bursary and advice from a MTAP advisor on how to structure the business. The advisor attended a number of meetings and provided input, including using the action plan created with the support of MTAP to discuss risk assessment, rules for shareholding and the business model.

Buying the pub

The process entailed starting their committee and creating a database of people who might have been interested in investing in the pub from a previous effort. While trying to find those interested, they started to negotiate with the owner to reduce the price, which worked. Then they launched the share offer, asking people who agreed to it in principle to make the commitment and they managed to raise sufficient funds to buy the pub without the need for additional financial investment. In addition to being able to raise sufficient funds, the community group were working with a vendor who was willing to sell the pub to them.

"I would say that we were lucky in [three respects]. One is that the owner was willing to sell. I mean, we weren't dealing with a [pub company], which, you know, wants to make lots of money out of [the pub]. We weren't dealing with an owner who had an alternative of turning it into flats, so [we had] a willing seller. Secondly, the owner had spent quite a lot of money on improving the pub [five to seven years] earlier, so the building was in sound condition. So, we weren't going to have to [spend] much on the building. And the third thing [is it was open], so it hadn't gone through a process of being shut for six or nine months... So, I think that's one of the reasons why we were successful in raising money pretty quickly."

As shown in the case study above, in the case of this community pub, the key driver of success without taking the full support from MTAP was **a willing vendor**, and an **ability to raise sufficient funds** through community shares. It was noted that about half of the properties in the area were second homes or holiday cottages. The group expressed that they had support from full-time residents, as well as from support from those who own holiday cottages. The potential impact on property value and the business of those owning holiday cottages, through the loss of the pub, may have played a role in the response they received to their community share offer.

"But the other thing is that half the properties in the village are second homes or holiday cottages... So, I think that's one of the reasons here, as I say, aside from talking vaguely about community spirit... there is something much more tangible, which is that people felt it would be damaging to the value of the property."

MTAP Grantee

There are other examples of successful community groups with little MTAP support. In the two examples presented below, the community pubs are not yet open and trading pubs as the community groups were only recently able to purchase the pubs.

One community group based in Cambridgeshire experienced a long journey to success, as they faced a reluctant seller as their primary challenge. After four years, the community group was successful in taking the pub into community ownership. They were able to raise in excess of £600,000 in community shares and benefitted from a dedicated and persistent steering group who did not give up on the process.

Another example of a successful community group with little MTAP support was a pub based in Norfolk, where the landlord had ended the tenancy with the pub managers and put the pub out for auction. The pub managers worked with the community to quickly put together an offer and take the pub into community ownership.

"The sheer speed of organisation [was a key factor] but did depend on well-to-do backers, who will step back and [the] community will end up owning it. That is an example of what can be done when time is short."

Advisor

While the community groups in these two examples had different contexts and went through different journeys, both were able to be successful as a result of **a strong steering group** and a **successful community share offer** which raised sufficient funds to purchase the pub without additional investment from the MTAP loan and grant offer.

Journey of unsuccessful groups

Not all community groups are successful at buying a community pub. It is important to note here that no two unsuccessful groups have gone through the same journey, and there are a multitude of factors that may play a part in a group not being successful. Throughout the programme, there have been in total 117 unsuccessful community groups.

As mentioned in the section above, community groups face many barriers and challenges when trying to purchase, and open, a community pub. Some of these challenges can be overcome, however, in some cases, they lead to a group being unable to buy a community pub.

Internal challenges		**External challenge**	
Faced by all community groups	**Faced by unsuccessful groups**	**Faced by all community groups**	**Faced by unsuccessful groups**
Steering group issues Lack of understanding & knowledge Struggles after opening	Steering group issues Unable to gather enough community support	Financial opportunity presented by the pub site Reluctant seller Lack of understanding amongst the community Lack of funding	Reluctant seller Another buyer is successful Difficulty raising sufficient funds Unsupportive legislation Challenges associated with the area (deprived, urban)

Internal issues

Some community groups were unsuccessful in purchasing a pub due to issues that were internal to the group itself. These include issues with the steering group and issues with being able to garner sufficient community support.

Issues with the steering group

Many unsuccessful groups faced issues with their steering group similar to those described in the previous chapter. While many successful groups face similar challenges, the degree to which unsuccessful groups faced them was greater, making these issues harder to overcome. Notably, unsuccessful groups struggled with the **capacity of the steering group** and with the **ability of the steering group to function effectively** as a decision-making body.

Some unsuccessful community groups faced capacity issues through **not having sufficient people volunteer** to be on the steering group. With the process of buying a pub being complicated and requiring a long-term commitment, steering groups of unsuccessful pubs often found themselves in situations where they did not have enough people to lead the process. This could have been as a result of members leaving due to **personal circumstances** or **not having enough interested individuals** from the community to take on an active role.

"…Several of the steering committee [members] were too ill or [stressed]. [All of it] became too much and the chairman stepped down when he became ill and had family problems. Succession management is really important, and [it can be] down to general bad luck."

Advisor

"[There was a point where the chairperson] thought he can't do it any more on his own. The only people putting in any effort was him and the chair of the Parish council. With a bit of effort, it could have [gotten there], but it was only him. He needed someone to help with stuff – Plunkett could only do so much."

Non-start group

"I had a slight annoyance that it was difficult to recruit [any people for the] management committee."

Non-start group

Capacity issues related to a lack of understanding, skills or experience faced by early-stage groups can often be resolved with the support of advisors from MTAP. However, there are some capacity issues related to the steering group that cannot be addressed through MTAP support. For example, not having enough volunteers coming forward can result in fatigue or simply just not enough capacity to do all that is required in the process.

"In terms of the early days, it's about trying to get the [steering] group together. Obviously, I don't [always] have the ability or support to do that, [or] also help them realise they can do it."

Advisor

"Groups' capacity [is a challenge]. Groups with only 1 or 2 people that are driving it – they often fail because they get fatigued, or can't get the community on board, or can't get enough people on the committee."

Advisor

In the case of unsuccessful groups, poor cohesion within the steering group **affected the ability of steering groups to function**. This can be the result of multiple variables including **disagreements over decisions** and uneven **workload distribution** between members. In some cases, these challenges have been overcome with the support of MTAP advisors, but that was not always the case. In situations where there are other challenges, poor cohesion resulted in the slowing down of progress and even the resignation of vital steering group members.

"Cohesion between the group [is a challenge], if there's any conflict there [it] needs to be resolved by [the] chairman. If they are not working as a team then it's not going to work."

Advisor

"We were doing reasonably okay until various things went wrong... [We were] thrown off course when one of our secretaries resigned. That was about it really.... I feel sure that if he had still been in place, we would have been okay. We would have carried on and accessed the funding available and probably bought it. It just wasn't to be."

Non-start group

Issues with community support

Like all community pub groups, unsuccessful groups could find generating community support and engagement a challenge. However a key difference between successful and unsuccessful groups was in their **ability to overcome these challenges**. Whether this challenge is a result of internal or external factors can become blurred. For example, in one case, a community group struggled to get traction from the community and the steering group were unable and unwilling to overcome that.

"We didn't get much traction ... and people in the steering group were not willing to contribute or volunteer to do anything. They were happy to let things slide."

Non-start group

In another example, a community group struggled with getting community support based on the fact that there was **no community consensus** in trying to decide which of the two closing pubs in their village they should try to save. The community group were ultimately unable to overcome this challenge.

"Geography and demography of the village [played a role]. There is a big hill in the village which old people won't walk up and down it. This pub was at the top of the hill. So almost everyone at the top of the hill wanted a pub at the top of the hill. All the responses to the survey [that] were from the bottom of the village would rather [have the pub at the] bottom. [We] couldn't open a pub for half a village"

Non-start group

External issues

In addition to internal issues, unsuccessful groups also faced significant external challenges and often found themselves in situations where they had little to no control over external factors. As a result, these external factors often formed a central reason why some groups were unsuccessful.

Reluctant vendor

As mentioned in the previous chapter, **reluctant vendors** were a common challenge faced by early stage groups and were the cause of many unsuccessful attempts to buy a pub. While some community groups were eventually able to successfully negotiate with vendors and use different legislative means at their disposal, this was not always the case and unsuccessful community groups were often faced with **vendors who were not willing to engage**.

Community groups reported trying various things in an attempt to move the progress along and convince vendors to sell their pubs. This includes registering pubs as Assets of Community Value, creating a public campaign and in some extreme cases, trying to register a Compulsory Purchase Order.

"I've been working with that [one] group for 7 years [where the owner would not sell] and it will now go to Compulsory Purchase Order [as the] council have refused planning permission several times. The council are dragging their feet, but the community is still working hard... We try and do as much as we can but there is a limit like a pub going for 7 years. I don't think [the community] will ever give up but the sad thing is the building is deteriorating."

Advisor

For example, one community group had all the processes in place with a steering group, they had undertaken community consultation, carried out an independent valuation and made plans to raise the funds through a share offer. However, despite progressing quickly in their development, the community group faced a significant challenge in the form of a reluctant vendor. This resulted in a challenging relationship with the landlord refusing to allow them access the premises and ignoring any offers made by the community, which ultimately led to them being unsuccessful.

"[We drove] a publicity campaign to try and acquire the pub ... We have done a couple of things to try and move them along. One is we've asked the council, whether they would support a Compulsory Purchase Order... But [the vendor can] just sit there and wait until everybody gives up... He can just sit it out. We have asked the council regarding a compulsory purchase. We did it in an open meeting at the Council last year...I've also written to our MP."

Non-start group

Another buyer is successful

A distinctly different experience between the journey of successful versus unsuccessful groups is that of pubs being **bought by private buyers** before the group could carry out the purchase. There are some cases where this is not necessarily a failure in terms of the pub continuing to exist as a viable business. This is because in several cases, the pubs have been bought by private buyers with plans to continue running a **commercial pub** after seeing the interest from the community.

"The third [person I approached to be an angel investor] ...said, 'You know what, I'd like to buy it for myself'. And I said well ok, that's not really my idea. I wanted a community pub, but he and I continued to talk all the way through... And actually, you know, much to my pleasant surprise... he bought it and he's completed on it now."

Non-start group

"[One pub] needed to raise money, over £100,000 in shares, [but the] local pub operator said [they] would like to buy the pub [and asked the community to support them]. [He said he was] looking for pub [to buy] in this area, [the] community clearly values [the pub] and there is a market in this area. It happens half a dozen times over the years."

Advisor

However, it is not always the case that the other buyer is looking to establish a pub. In some cases, a **developer** comes along last minute with a higher offer.

"I think if we had been ready to go with a share issue, we would have had support from Plunkett [Foundation], they were waiting for us to get the share going but we couldn't do that until we got certain things in place. Then, of course, the pub was sold, that pulled the rug from under us."

Non-start group

"[One of the key reasons groups become non-starts are because] a developer comes along right at the last minute [and outbids the group] ..."

Advisor

Difficulty raising sufficient funds

As highlighted previously, a common challenge that community groups face is **raising sufficient funds to purchase the pub**. While some groups are successful in raising additional funds and investments through various other channels, some community groups are not.

For some community groups, they were **unable to raise the funds in sufficient time** to make an offer to the vendor.

"The lack of money was a major factor, we didn't have the money when we needed to make an offer... Money was promised if we do this and that, we would have got money but not in that timescale."

Non-start group

Other community groups were **unable to raise enough funds in general** either through community fundraising and/or other sources of funding such as grant funding. However, it is important to note community groups are more likely to raise the money if they get to the stage of launching a share offer document.

"The other [challenge] is failing to raise the money, though happens less often than people might assume if people get to the stage where they launch the share offer... If you get to the stage of launching the share offer document, 85-90% of the time they will raise the money."

Advisor

The difficulty in raising sufficient funds has been **exacerbated by the current context of COVID-19**. The impact of COVID-19 on the economy meant that **people have not been able to afford, or have been reluctant to invest** in shares are much as initially thought. Additionally, the national lockdown and restrictions on social interaction have shut down the pub sector and stopped any plans for community engagement which community groups rely on as a method to garner community support and fundraising.

"We launched and got 410 people buying shares, but only made £170,000, when we needed £250,000 minimum. And then we had to, unfortunately, say it wouldn't work. [We] had more people buy shares than initially said [they] would, but they bought less. Lots of people are at threat of redundancy so [they have] bought less. People just couldn't because they couldn't afford to."

Non-start group

"You know, COVID [has just] created a huge difficulty. We couldn't go out, I wanted to organise events in the pub to try to get people to sign up, I wanted to have a share launch. I wanted to go door to door, you know, hold local meetings, but when everybody was locked away, and probably more concerned about staying alive at that stage, then it suddenly became very difficult."

Non-start group

Unsupportive legislation

Community pubs who faced issues with reluctant sellers or developers reported finding planning regulations and/or the legislation on the community right to bid ultimately insufficiently helpful in supporting them to acquire the pub.

For example, one community group based in an urban setting was unable to successfully challenge planning permission granted to the developer to turn a pub into residential premises.

"In the planning meeting [where we tried to] appeal [the pub] turning into flats, the planning officer showed us google maps with pubs nearby, but had they been in any of them? Do [they] realise the difference between them? The demographic of the area where urban pubs are is very significant to the clientele of certain pubs. Our pub was very inclusive and welcoming, some pubs in the area are not. But we can't really say that in anything because it is highlighting a difference that is uncomfortable. [The] setback for us was that other pubs existed nearby. Our argument was that there was room for all of the pubs."

Non-start group

In other cases, community groups have found the legislation around registering Assets of Community Value to be insufficient, as it can turn the process into a waiting game as opposed to enabling and empowering the community to be able to successfully challenge any issues.

"So, you register an ACV, it runs for six months, then the [landlord] has two years to take any offers you [make]. But he doesn't have to take your offer in those six months. It gives you very, very limited protection, in truth… So, this [ACV] legislation it's not really doing anything. I mean, [it] is a pause, to give a community group a window, to get funds together to buy the pub, but it doesn't mean he has to accept it… He can just sit it out… The legislation is not strong enough."

Non-start group

Location of the pub and community

An external challenge faced by a few unsuccessful groups was related to the geographic location of the pub they were trying to bring into their ownership, in particular **urban areas**. Applicants to MTAP typically tend to be based in more rural areas where the pub they are trying to buy is one of a few, if not the only pub in the area. As a result, in this context groups in rural or semi-rural areas tend to have more community support because there is a stronger argument that it is 'the last pub in the village'. In contrast, community pubs in urban areas have found this more challenging, with the urban setting being more populated with pubs and the idea of 'community' being harder to define.

"In rural areas, it is clear what the community is. In an urban environment, you have a wider community who see their pub as theirs because of their values, ambience etc."

Non-start group

Programme related challenges

In addition to the internal and external challenges, unsuccessful groups also faced challenges relating to the design of the MTAP programme itself.

For a few community groups, a key challenge they faced was the **timing of access to financial support from MTAP**, specifically the length of the application process for the bursary and subsequently the additional application for the loan and grant. Some groups needed to act more quickly to secure the pub for community ownership than the MTAP programme was able to act.

For example, one unsuccessful group, having gone through the application process for a bursary, felt that the application process for the loan and grant would take too long. This became a challenge as they were working to a timescale set by the Crowdfunder platform which they were using to raise community shares.

“We had a situation where it got past a certain date, the Crowdfunder would hold that money and then we would have to draw it down. If [we] waited for Power to Change, it would have been past that date and we would have lost 15% of the total amount raised. We couldn’t risk everyone’s money because we didn’t trust it would come through quickly... We shouldn’t have to start [an application] all over again, and it felt like we had to...That was a shame, if the timing had been better, we would have gone for [the loan and grant].”

Non-start group

What are the key ingredients for supporting sustainable community pubs?

Given what we have found in this paper, we now summarise the key ingredients required to support sustainable community pubs:

Ensuring the pub is run as a business	Making the most of the community ownership model	Having a management model that works for the pub and the community

Ensuring the community pub is run as a business

For a community pub to be successful and sustainable, it needs to balance its aims of **providing social impact to the community and being financially viable**. This means, for example, making sure that community activities lead to sales for the pub or offering food services to diversify income.

In some cases, community members believe that because the pub is a community resource, it does not need to make a profit or generate income, which can have an impact on sustainability. For example, community members can be reluctant to pay higher prices for good quality food.

"The biggest challenge for people locally was to understand we had to run a business locally. Otherwise, [there will be] no community pub, it will fail with no money. Some people wouldn't accept this. [I have] said this before to Plunkett [Foundation], you have to run it as a proper business, if you don't, you won't have a future as a community pub."

MTAP Grantee

Therefore, community pubs need to think about ways they can ensure the pub can be used as a community resource, whilst still being run as a financially viable business. This can be done in several ways:

a. Ensuring the quality of their product or offer

Community pubs need to ensure the quality of their product and offer, as it keeps the community, their customers, happy and returning. This includes the quality of food as well as the drinks selection, and the quality of service, as well as the general ambience of the pub as a welcoming community space.

"[If the] food is good, people want to come in... [before Covid-19] we were building a reputation as a pub people want to get in a car and come to visit for food and drinks"

MTAP Grantee

b. Diversifying the offer

Community pubs can ensure that they operate successfully as a business and are sustainable by diversifying their income generation. Community pubs on MTAP have done this in a variety of ways including bringing in a chef and food offer or having a community shop in the pub. Not only does diversifying the offer allow for increased income generation but it also creates a range of income streams and addresses more community needs – factors that are key in sustainability.

"Very early on, I did a financial evaluation, which basically looked at the revenue from the shop and the revenue from the pub. I [put] those together and [divided it by] the overheads of the building between the two businesses. And there were very few circumstances under which that was not profitable simply as one set of overheads between two businesses. And that was always our model."

MTAP Grantee

c. Partnering with local businesses

Community pubs can ensure that they run successfully as a business by partnering with local businesses and organisations, either to deliver activities for community benefit or as part of their business and supply chain. Partnering with local businesses helps support sustainable community pubs because it engages the local economy and enables community pubs to optimise opportunities available locally that can be more cost effective and generate more community interest. For example, community pubs have used locally based suppliers such as brewers and farmers to develop their food and drink offers. Other community pubs have partnered with local charities to deliver services to community members.

"When we started used people we knew, now [that we have] been here for a while, [we are] using more local organisations. Beers [are from] local breweries, [there is] one small [brewery] who brews to order. [The] wines are from a vineyard which is nearby and makes [the wine] by hand so we started stocking from them. The meat is ordered from butcher nearby. Arts and crafts are from the local community, [we have] local artists paintings on walls and [we sell them]. There is a lady in the village does ceramics, [we] bought all candle holders from them. [We] changed [our] cleaning suppliers to someone more local and smaller. Someone in the village down the road bakes, we get our cakes from them. Once we had the time to support more local and smaller businesses we did."

MTAP Grantee

d. Integrating community benefit and business activities

There are many examples of community pubs that have addressed the challenge of generating income as a business by integrating the need to deliver community benefit with the business activities of the pub. For example, community businesses host events to celebrate annual occasions, such as Bonfire Night and Halloween, and host regular quiz nights. These help to create a sense of community and tackle issues such as loneliness, whilst also generating additional income streams for the pub.

"It's great [the pub] have extra activities, coffee mornings for lonely people, this is a perfect set up. It's in the middle of the village [and has] exceptionally nice staff and it is a broad spectrum of things they put on."

Community pub customer

e. Having the skills to manage finances well

In addition to diversifying income and integrating social impact with business activities, community businesses need to have the skills to be able to manage finances well. This is related to ensuring that pubs have access, either within their community group, or an external consultant, to a financial expert that can support with ensuring the pub is financially viable. This is particularly important given community pubs take on liabilities such as loan repayments as part of the MTAP programme and have to manage these as well as the balance between income and expenditure.

Making the most of the community ownership model

By definition, community pubs involved in the MTAP programme move into community ownership in part by raising funds through community shares. To remain financially sustainable long-term, community pubs need to make the most of this community ownership model through an engaged community that supports and invests in the pub, feels an incentive to invest and wants to maintain their shareholding (even if the returns aren't great), feel like the pub is theirs and return time and time again.

To do this, pubs need to ensure the shares policy is realistic and that they have a business model that allows the business to generate returns for shareholders as well as supporting the longer-term investment needs of the business. It is also important to ensure the finances are viable if shareholders decide to withdraw.

Making the most of the community ownership model can foster community engagement and support, as well as a sense of ownership over the pub. This facilitates sustainability because community members are more invested in the success or failure of the pub and therefore are more likely to engage with it either as customers or volunteers.

"I think the model itself, [is] less likely to fail than a pub that is privately owned. The model itself is the local community is involved, often they are owners, people who maybe only put £50 of shares, [but] they still think of it as theirs. Widespread community shares ownership, certainly in [cases where] about 200 people bought shares, [they] all think of it as their pub, [and are] far more likely to come back to support the pub as soon as they possibly can. [The] whole village is trying to come up with ways they might be able to get the pub open as soon as possible… The model of co-op owned pub [is] more likely to survive than privately owned."

Advisor

Having a management model that works for the pub and the community

There are generally two management models adapted by community pubs, a managed model or a tenanted model.[3] There is no "best choice" for the management model for community pubs, with the tenanted and managed models both working well for different pubs in different circumstances. To be sustainable, it is important to ensure that the model works well for the community, the pub as a business and the staff and volunteers working in the pub.

[3] Pub is the hub (2020), 'Community Ownership and Running of Pubs', p5 https://www.pubisthehub.org.uk/wp-content/uploads/2020/09/CommunityOwnership-PiTH-2020.pdf

Managed model

In a managed model, the community groups manage the community pub directly, through employees and volunteers. Community pubs have expressed that the positives of this model range from being able to have an active role in decision-making, to the social impact of having a volunteer offer (and benefitting from the passion of volunteers), being more cost effective and even providing tax relief opportunities for shareholders, typically via Seed Enterprise Investment Scheme (SEIS) or Social Investment Tax Relief (SITR).

"We want to go with [a] managed [model]...because a lot of local [people] invested in the community model. They were rather attracted by social investment tax relief."

MTAP Grantee

For some community pubs this model has also resulted in a stronger sense of community and community ownership in the pub and therefore more business as community members. In most cases, this model is successful in contexts where the community management committee have cohesion, and skills and expertise in areas such as finance, business management and human resources.

"I don't think as many people would use [the pub], the volunteers use the pub because they have a lot of passion and want it to work. If it was someone else [running the pub] and not the community, it wouldn't be as busy. A lot of people say because the village [running it], they believe it can work and they have put their trust and everything into making sure it works."

MTAP Grantee

It is important to note that while the managed model offers a number of positives, it also presents various challenges. Challenges range from cohesion within the management committee, a lack of experience in the hospitality sector amongst the committee and the increased risk of mismanagement and finally, volunteer fatigue.

"Most of the volunteer led pubs are getting on okay. But they end up with volunteer fatigue and need someone there coordinating stuff and who knows what they are doing."

MTAP Grantee

Tenanted model

In a tenanted model, community groups sub-let to a professional operator. Depending on the agreement, tenanted models can also use volunteers to help with the running of the community pub, for example some tenanted community pubs have used volunteers to deliver activities for social benefit. Community groups have expressed that the positives of this tenanted model ranged from being able to provide the same quality and type of service delivered before community ownership, to reducing the management burden on the community group itself and being able to bring in people with the right expertise to run the pub.

"[We used a tenanted model] I think partly because most of the other pubs we know who have done this. That's what they have done. For us, secondly, it involves much, much less management involvement. You know, we don't we don't have to be worried about whether the tenant is stealing money from the till, it's his own money and his own business. So, I mean, it's much more satisfactory, that it should be run as a business."

MTAP Grantee

Despite these positives, the tenanted model also presents several challenges. Community groups have reported that the main challenge they face is in finding and maintaining the right tenant that works for the business, the community, and the management committee.

"[The community] were very successful in raising the money getting the pub over the line, but two things have gone wrong… First of all, the choice of the tenant didn't work out, [after] less than a year [of opening the] tenant had expectations of what would be achievable [and the] village set realistic rent. [The] tenant… didn't finish [the] contract."

Advisor

Additionally, advisors have questioned in some cases if tenanted models are effective in resolving the problems that resulted in the pub almost closing before ownership and if tenants have the same level of incentive and investment as the community to ensure that the pub survives and provides a social benefit.

"Pertinent to rural pubs where a group will pay to buy a pub, put a tenant in there and job is a good one, yes saved the pub but you haven't really solved the problem of why it came on the market in the first place."

Advisor

Impact of COVID-19 on the journey of community groups

The pub sector, like many other sectors across hospitality and the wider economy, has been severely impacted as a result of COVID-19. In the context of MTAP, both community groups on their journey to ownership and open and trading community pubs have felt the impact of the national lockdown and restrictions on social interaction.

Community groups on the journey to ownership

Groups on their journey
Changes to MTAP support journey
Delays in processes required in the journey
Difficulty in raising funds
Increased interest from the community
Potential for increased opportunities

For community groups on their journey towards ownership, the impact of COVID-19 has been multi-faceted. This includes **changes to MTAP support delivery, delays in the processes required in the journey** and **difficulty in raising funds**.

A key form of support provided to community groups by MTAP is action planning and advisor support. Due to the restrictions on social interactions, these **sessions were delivered virtually** which has proven to be challenging. This is because being able to provide this support effectively requires advisors to get an understanding of the community groups they are working with. This has been difficult to do virtually, with advisors not being able to interact normally with community groups, meet all the relevant individuals, and gain an understanding of the group dynamics.

"I have done a couple of [the] meetings online. It is more difficult because a part of my role when writing the report for action plan meeting is getting information about the group itself like [their] dynamics, [which is] difficult to gauge from Skype meetings."

Advisor

"Whether I like [virtual meetings] or not varies, I would like to meet the groups at some point. One group doing telephone support, I have only spoken to one [group member and that] makes me a bit nervous. I like to get a feel of the energy of a group and get a sense of them. Doing zoom meetings, we're all getting used to it, but [for those who are] retired or my age starting the initiative off [is hard]. I'm not trained to facilitate meetings online, [but it is a] learning process for everyone as you go along"

Advisor

Another impact of COVID-19 on the journey of community groups is that it has caused **delays along stages of the process**. In some situations, delays are caused by internal factors. For example, community groups have been struggling to make decisions due to the uncertainty caused by COVID-19. Advisors have also reported finding it difficult to advise community groups because the context is so different.

"Covid-19 is having a major effect on confidence, I think the groups I've been advising recently, haven't decided on a date for their community share issue. A lot of the advice I was holding before doesn't hold now like events that are fun and getting people together."

Advisor

For some community groups, like those taking over pubs that were still trading, the process has been delayed as a result of staff being furloughed. Other community groups have shifted their timescales to wait out restrictions enforced by lockdowns and avoid buying pubs while they are shut.

"Due to furloughed staff [two pubs] have experienced delays with their purchases. Others have pushed back on deadlines in order to not own the pub whilst it is shut."

Plunkett Monthly Report[4]

In other situations, the process has been delayed by external factors such as delays from local authorities in responding to requests or the inability of the community to get together to consultant on decisions.

[4] MTAP Monthly Report June 2020

"Groups report that councils are taking longer to consider the asset of community value registration due to COVID disruption, and that additional time is required to sort out a nomination in the first place, as it is harder to organise meetings/collect signatures etc"

Plunkett Monthly Report[5]

COVID-19 has also **impacted the ability of community groups to raise funds**, with the state of the economy affecting local level groups. For example, this has impacted the ability of community groups to raise funds through community shares, not only because community groups are **unable to hold fundraising activities** but also because people are **unwilling to invest** in the current climate. Therefore, several community groups have put their community shares on hold. This uncertainty has also raised questions about future financial outlook with many community groups wondering if financial viability will be possible in the future.

"People at the moment aren't willing to put in thousands of pounds into [a] project given current uncertainty. A lot of groups are putting off their community share launch until there is more certainty in the economy and when they will be able to open the pub."

Advisor

"Down the line, there is so much more uncertainty. What will happen to the price of pubs? None of my groups has launched a share offer. How do you do community engagement with share offer to raise money? Can they buy the pub and if they get to that point and start trading, how long will that go on for? .... The other thing is viability. So difficult to know viability."

Advisor

With MTAP being one of the few sources of funding for community pub enterprises, the pause in the application for loan and grants introduced by Power to Change has impacted one community group that had received a bursary.

[5] MTAP Monthly Report November 2020

"Then pandemic hit. We were led to believe in the bursary application process, [that we] would be in a good position to get a loan and grant from Power to Change and [our] business plan incorporated that. That [option] being withdrawn [meant] that money was no longer available [because MTAP were] supporting existing community pubs instead. We didn't know what to do, we thought it would not be a good time to launch the community share offer. We had community pledges of £350,000… [but] we didn't succeed because of the pandemic and timing."

Non-start group

Community groups themselves have also expressed **increased interest from the community**. For example, one community group have experienced more interest in their campaign during COVID-19, as the crisis highlighted the threat of their village having no pub or shop.

"That really focused people quite a bit because they came to realise that if we didn't do something, then the threat of having no pub and no shop was genuine."

MTAP Grantee

COVID-19 also highlights several questions about what the environment will look like for community groups looking to buy a pub in the future. While several uncertainties question the future sustainability of these groups, there are also **potential opportunities**, specifically around reductions in the price of properties or the opportunity to acquire pubs that were previously commercially run.

"I don't know really [the impact of COVID-19 on the pub sector]. Potentially prices of property will go down which is good. Potentially more pubs will close which is bad but a good opportunity for community led pubs. [However], the viability of pubs going forward has to be in question."

Advisor

Pubs already in community ownership

Impact of Covid-19 on community pubs
Loss of core income
Need to adapt Covid-19 secure measures
Increased interest from the community

For pubs already in community ownership, the impact of COVID-19 has been significant. Community pubs have suffered from a **loss of core income** for most of the year when national lockdowns were in place. When restrictions were eased, some community pubs were able to open to a reduced service but faced additional costs to implement COVID-19 safety measures such as screens and social distancing.

"Covid has been hitting us for nearly a year now... [we] lost April and May and half of March in terms of turnover, which is a long time. Almost a quarter of the year. From then on [we have been] in a position of catch up."

MTAP Grantee

Despite this, some community pubs have been able to **adapt to the current context** in a manner that has both generated some income and also provided benefit to the local community. For example, community pubs have adapted to doing takeaways, adapted their community shop to stock more basic necessities and operate in a COVID-19 secure way, or adapting the layout to include outdoor seating.

"I think this period of COVID proved so essential the community pub. When we were able to open during lockdown, we managed to get two marquees up in the car park. People were so dependent on coming to the car park [because they were] so lonely for a long time, they still show [up] in the snow...It's so needed."

MTAP Grantee

There is a potential for there to be a handful of positive impacts of COVID-19 on the idea of community pub ownership and the wider sector. This is because the current national restrictions have highlighted the importance of communities having social places such as pubs for interaction. Therefore advisors, loan providers and Plunkett have experienced **an increase in interest around community pubs, particularly at points after lockdown restrictions were eased**.[6]

"I think there is a bit more profile, there is more awareness of the model. .... Actually, as the difficulties for pubs has hit the national headlines more we have been in a better place to say there is an option where there is a plan b, it may not be right for every circumstance but certainly a strong option and can evidence resilience as a business model. That had been an impact I hoped the programme would have had."

Loan provider

"In August we saw the second highest month for requests for support this year. This month we have a record for new enquiries – typically from groups whose private pub in their community will not re-open due to the economic impact of Covid-19."[7]

Plunkett Monthly Report

6 Number of requests to the MTAP programme spiked in August 2020 and September 2020, based on data from Plunkett on number of MTAP requests.

7 MTAP Monthly Report September 2020

Summary and Conclusions

In this learning paper we focused on the journey of community pubs throughout the MTAP programme. We found that:

Early stage community groups go through several stages from idea to purchase

Throughout these stages, community groups use a number of different processes to inform their decision-making. These include community consultations, input from their peers, advice from Plunkett Foundation staff and MTAP partner organisations. and steers from loan providers, sellers, and local authorities.

Many challenges and barriers remain, and can be internal or external

Community groups can experience a range of internal barriers, such as challenges with cohesion amongst the steering group, gaps in understanding and knowledge of the process and face further challenges after opening as a community pub. External challenges are also faced by groups, such as competing against the financial opportunity presented by the pub site, reluctant sellers, a lack of understanding and engagement from the community and a lack of other sources of funding.

With favourable conditions, it is possible for community groups to be successful without the need to take on an MTAP loan and grant

Community groups that were successful without needing to take on the MTAP loan and grant were able to do so because they had a willing seller, a strong and skilled steering group and an ability to raise sufficient funds through the community without additional investment.

Unsuccessful groups face similar challenges to successful groups, but to a greater degree

Many of the challenges faced by unsuccessful groups are similar to those faced by successful groups. However, the degree to which they faced them was greater, and therefore harder to overcome in comparison to the journey of successful groups.

There are three key ingredients to supporting the sustainability of community pubs

There include: ensuring the pub is run as a business; making the most of the community ownership model; and having a management model that works for the pub and the community.

COVID-19 has had an impact on the journey of community pubs

The impact of COVID-19 has been multi-faceted. Community groups on the journey to ownership experienced changes to MTAP support delivery, delays in the processes required in the journey and difficulty in raising funds. Pubs already in community ownership experienced a significant impact of COVID-19; many suffered from a loss of core income and a need to adapt to COVID-19 secure measures. However, the impact was not always negative: many felt an increase in interest around community pubs, particularly at points after lockdown restrictions were eased.

Power to Change
The Clarence Centre
6 St George's Circus
London SE1 6FE

020 3857 7270

info@powertochange.org.uk

powertochange.org.uk

@peoplesbiz

Registered charity no. 1159982