



power to  
change

business in  
community  
hands

# More than a Pub programme



## Final Evaluation Report

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July 2021

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## Introduction

### Introduction to the More than a Pub programme

The More than a Pub programme is jointly funded by the Power to Change Trust and the Ministry of Housing, Communities and Local Government (MHCLG), formerly Department for Communities and Local Government. It launched in March 2016 and was designed as a two-year programme, later extended to March 2019.

Since then, the programme has been given three additional extensions: it was relaunched in June 2019 with an extension to September 2020; and further extended to March 2021 due to the COVID-19 pandemic leading to a pause in activities during 2020. From March 2021, an agreement was made with Plunkett Foundation to disburse approximately £100k of uncommitted funds and close the contract at the end of September 2021.

The programme is delivered by the Plunkett Foundation and a network of Advisors, with loans provided by Co-operative & Community Finance and Key Fund. The programme is supported by a Steering Group with additional representatives from the British Beer and Pub Association, Pub is the Hub, the Campaign for Real Ale, Locality, Co-operative and Mutual Solutions, and The Bevendean Community Pub.

The programme was launched with the aim of supporting communities across England to buy and run local pubs at risk of closing, as community-owned businesses. To be eligible for support, groups had to demonstrate that their community-owned pub would be 'more than a pub' – that it would have a positive impact on the community, for example by offering vital local services that would otherwise be unavailable. Community-owned pubs have responded to this challenge in a number of different ways, reflecting the range of different contexts in which they are situated.

For the Power to Change Trust, this programme was designed as an important driver of the growth of the pubs sector of the community business market. MHCLG supported the programme to deliver a 2015 Conservative manifesto promise to slow the rate of pub closures. Power to Change provided grant funding, and funded Plunkett Foundation to deliver the programme; MHCLG provided loans, smaller bursary funding and part-funded the programme evaluation. In addition, in April 2020 MHCLG added £650,000 to the More than a Pub (MTAP) budget (of which Power to Change reallocated £500,000 to provide Trading Income Support as part of its response to the COVID-19 pandemic). Using this funding, the MTAP programme as a whole has supported 313 different community groups in total.

## About community-owned pubs

When the More than a Pub programme launched, the Plunkett Foundation has estimated that there were approximately 73 trading community-owned pubs in England.<sup>1</sup> These pubs were owned by groups of shareholders, predominantly local people, who had usually bought the pub to either re-open it after a period of disuse, or to prevent it from being privately developed. These community-owned pubs are a tiny minority of the approximately 50,000 pubs trading across the UK, owned and managed by pub companies or private landlords.<sup>2</sup>

Whilst the community pub sector is still relatively small, the movement towards community ownership has been growing steadily during the last decade: the cumulative number of community pubs trading in the UK has increased from an estimated 73 in 2016 to 119 in 2019.<sup>3</sup> This has been driven by a growing interest in the role of pubs in fostering community wellbeing,<sup>4</sup> as well as support from positive interventions such as communities being able to register pubs as Assets of Community Value (ACVs)<sup>5</sup>, an increase in institutional investment via equity match funding and support from the More than a Pub programme.<sup>6</sup>

In recent years, research around the impact of community-owned pubs has increased, and a key aim of this evaluation is to increase our understanding of the community-owned pubs sector further, as well as evaluating the role of the More than a Pub programme in supporting it.

<sup>1</sup> Plunkett Foundation (2020), Co-operative pubs: a better form of business, [https://www.powertochange.org.uk/wp-content/uploads/2020/10/Plunkett\\_BB-2020\\_Pubs\\_final.pdf](https://www.powertochange.org.uk/wp-content/uploads/2020/10/Plunkett_BB-2020_Pubs_final.pdf)

<sup>2</sup> Beer and Pubs, Pub Numbers, <https://beerandpub.com/statistics/pub-numbers/>

<sup>3</sup> Plunkett Foundation (2020), Community pubs: a better form of business, [https://plunkett.co.uk/wp-content/uploads/Plunkett\\_BB-2020\\_Pubs\\_final.pdf](https://plunkett.co.uk/wp-content/uploads/Plunkett_BB-2020_Pubs_final.pdf)

<sup>4</sup> CAMRA (2016), Friends on Tap, <http://www.camra.org.uk/documents/10180/36197/Friends+on+Tap/2c68585b-e47d-42ca-bda6-5d6b3e4c0110>

<sup>5</sup> This ability was conferred by the 2011 Localism Act, giving registered pubs greater planning protection against possible demolition or conversion

<sup>6</sup> Plunkett Foundation (2020), Community pubs: a better form of business, [https://plunkett.co.uk/wp-content/uploads/Plunkett\\_BB-2020\\_Pubs\\_final.pdf](https://plunkett.co.uk/wp-content/uploads/Plunkett_BB-2020_Pubs_final.pdf)

## Evaluating the More than a Pub (MTAP) programme

### Aims of this paper

Renaisi were commissioned in July 2019 to lead the evaluation of the second phase of the More than a Pub programme. This evaluation aims to build on the previous evaluation and interim report produced by Renaisi.<sup>7</sup>

The purpose of this evaluation is to:

- Develop our understanding of the impact of community-owned pubs, and how the community ownership model drives that impact
- Assess how effective the More than a Pub programme has been in achieving its aims and supporting the community-owned pubs sector
- Capture learning about how to best support community-owned pubs in order to leave a positive legacy

The evaluation was developmental, designed to respond to the developing needs and interests of both the More than a Pub programme and Power to Change more generally, and to provide timely insight to inform the ongoing development of the programme. Alongside this final report, we have also published a learning paper on the community pub development journey.

### Hypotheses about community businesses

In August 2019, Power to Change published a set of hypotheses that underlie its understanding of the role of community businesses, and its approach to supporting the community business sector. We explore the extent to which evaluation of MTAP supports these hypotheses in the final chapter of this report.<sup>8</sup>

<sup>7</sup> Renaisi (2019), More than a Pub programme evaluation Interim Report, London: Power to Change. [https://www.tnlcommunityfund.org.uk/media/insights/documents/PTC\\_3612\\_More\\_Than\\_a\\_Pub\\_Report\\_FINAL.pdf?mtime=20200303152641&focal=none](https://www.tnlcommunityfund.org.uk/media/insights/documents/PTC_3612_More_Than_a_Pub_Report_FINAL.pdf?mtime=20200303152641&focal=none)

<sup>8</sup> Following the publication of Power to Change's new strategy in June 2021, these hypotheses will be retired.

**Table 1 Power to Change’s hypotheses about community businesses**

|  |  |   |
|--|--|---|
| <b>Community-business level hypotheses</b> | H1: Knowledge                              | Community businesses have high levels of customer/service user satisfaction because they understand what people want. This is because the majority of their staff, volunteers and/or customers/service users are from the local area. As a result, they offer better products and services than alternative providers |
|  | H2: Employability                          | Community businesses improve skills development amongst local people by creating jobs and providing development opportunities for those who would otherwise not actively participate in the local labour market.  |
|  | H3: Volunteers                             | Community businesses use local volunteers to deliver their products and services. They do this by providing formal and informal volunteering opportunities. This also helps them keep their costs down. Volunteers will also report personal development and social benefits.   |
|  | H4: Social Capital (Members/ Shareholders) | Community businesses increase bridging social capital by engaging members and/or shareholders in local decision-making through the development of skills and access to information.   |
|  | H5: Sustainability                         | Community businesses are less likely to close if they understand what local people want (H1), use local volunteers to deliver their products and services (H3) and engage local people as members and/or shareholders (H4).   |
| <b>Sector-level hypotheses</b>             | H6: Infrastructure                         | The provision of third-party business development support increases the productivity and resilience of community businesses.  |
|  | H7: Assets                                 | The transfer of local physical assets from public and other bodies stimulates community business growth. This is because they contribute to financial resilience, provide a physical base for operations, and generate goodwill.  |
| <b>Place-level hypotheses</b>              | H8: Collaboration                          | Community Businesses collaborate with others, accessing more resources (i.e. skills and money). This enables them to offer more services, products, and activities, benefiting their community.   |

## Methodology

The data analysed within this report includes data from monthly reports held on MTAP enquiries and grantees, and analysis of Power to Change’s Community Pub Survey. In addition to this, Renaisi have undertaken fieldwork visits and qualitative interviews with the following stakeholders:

| Type of data                               | Stakeholder  |
|--|--|
| Qualitative interview /<br>Fieldwork visit | 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 our work

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.

Additionally, it is important to note that the earliest pubs to have received MTAP support have been open and trading for only a few years. Furthermore, prior to this programme community pubs were a relatively unused model. Therefore, it is often difficult to evaluate certain factors such as failure rates, long-term success and sustainability as timeframes and points of comparison are insufficient.

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# About the More than a Pub Programme

## Design of the programme

### Aims and criteria of the More than a Pub programme

The programme has four core aims:

- 1) **To support and promote community ownership of pubs:** To support community groups to bring their local pub into community ownership as a business and community asset.
- 2) **To save and re-open pubs at risk of closure:** To address the decline in the numbers of local pubs that provide a vital role for their communities.
- 3) **To drive social impact in communities:** To use the community business model to extend the range of services that the pub can run, both by and for the community.
- 4) **To have an impact on the community pub sector:** To create a step change in the number of community-owned and managed pubs open and trading and to create a lasting legacy for both the communities supported, and the many more communities they inspire in years to come.

The core aims are related, but distinct from one another – it would have been possible to create a less ambitious programme with only one or two of these aims. To achieve all four the programme had to manage some trade-offs, and the criteria for support was narrowed:

- **Only pubs which were community-owned could be supported by the programme** in the majority of cases.<sup>9</sup> In some cases, it was more feasible for a pub to be saved via private ownership, often with significant support and input from the local community, however these pubs became ineligible for support from the More than a Pub programme.
- **Pubs had to demonstrate that they would have a social impact in the community and would offer more than a space for drinking.** This includes trading for community benefit, for example reinvesting surplus income to run services for the benefit of local people or support community events. Some pubs were delayed in their progression through the programme because they required additional support to help them meet these criteria.

<sup>9</sup> Approximately 10% of pubs on the programme were supported into lease arrangements rather than full ownership, however only one of these received the loan and grant package because the lease was sufficiently long (24 years).



To be eligible for support groups had to also:

- Be located in England
- Be a pub, not other types of social drinking space
- Demonstrate broad community support for the initiative – ‘lone heroes’ or small groups of people looking to reopen the pub alone were discouraged
- Be looking to take ownership of an existing pub, whether closed or trading, and able to demonstrate that the pub is for sale
- Be intending to develop community ownership as per the definition provided by Power to Change and meeting Plunkett Foundation’s criteria for democratic governance.<sup>10</sup> In practice, most community groups chose to incorporate as Community Benefit Societies
- Be able to demonstrate that some community finance will be or has been raised in support of the project
- Address a local need and provide evidence that other local businesses and community groups have been consulted and will not be displaced by the proposed community pub

### Programme targets

The More than a Pub programme launched with an ambitious set of targets to guide the programme delivery. These targets cover both phase one and phase two of the programme.

- At least 80 new pubs are moved into community control over the endowment period (to 2025), particularly in areas identified by Power to Change as having high social need
- Maintain a success rate for community-controlled pubs in receipt of monies from the programme of at least 80% (target 95%) over the endowment period
- Create at least 16,000 new individual members with direct investment in their community-controlled pub
- Help to leverage at least £12m of community share capital through supported community groups
- Increase the number of pubs which have been listed as ACVs<sup>11</sup>

These targets, along with the core aims, shaped the structure and design of the programme.

<sup>10</sup> Power to Change, What Support and funding is available? <https://www.powertochange.org.uk/get-support/> and Plunkett Foundation, More than a Pub, <https://plunkett.co.uk/more-than-a-pub/>

<sup>11</sup> Note 26 pubs in the programme were registered as ACVs at the start of the MTAP1 programme

## Adaptations to the programme between phase 1 and phase 2

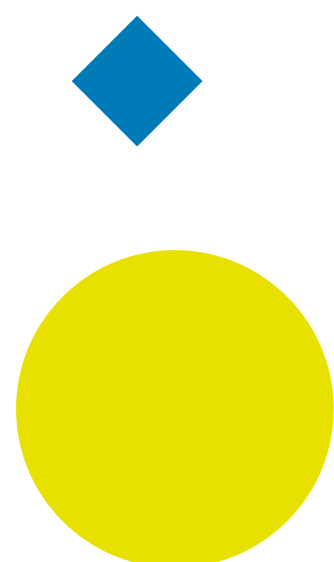
When the programme was relaunched in June 2019, it applied lessons learnt from the evaluation of the first three years of the programme and adapted its priorities. In addition to the aims described above, More than a Pub phase two (MTAP2) also sought to:

- Focus on widening participation by supporting more groups in the most deprived areas
- Encourage more diversity and inclusivity within groups by promoting inclusive and pro-active processes
- Focus on supporting groups in Power to Change’s priority areas: Priority Places and Cities and Counties initiatives
- Encourage best practice in developing sustainable businesses and the use of community share finance
- Encourage the better realisation of individual projects’ plans for improving social impact
- Sustain the community-owned pubs already supported in the first phase of the programme

## Support and funding available to community groups

The programme was structured to support community groups from a very early stage, to explore whether community ownership of their pub was viable. This support included:

|  Support provided by More than a Pub programme |
|---|
| Action planning   |
| Learning, events and peer networking  |
| Bursary grants of up to £2,500  |
| Business development advice   |
| A combined loan and grant package of up to £100,000   |
| Communications  |



- **Action planning:** 2.5 days initial action planning support with an approved advisor outlining key steps involved in consulting with the community and setting up a community-owned pub.
- **Learning, events, and peer networking:** opportunity to learn from existing community pub businesses and sector specialists through visits, events, and webinars.
- **Bursary funding of up to £2,500:**<sup>12</sup> pre-feasibility funding payable retrospectively, which could be used to fund development costs and could include consultation with the community, incorporation fees, valuation and survey fees, professional services, printing and marketing, and membership of the Plunkett Community Pub network.
- **Business development advice:** initial allocation of three days of business development support.<sup>13</sup> Once the group has established community support for their idea, they are matched with an experienced advisor who will work with them to deliver a tailored package of support, which may include: incorporation, legal structure and governance; business planning; raising finance and community shares; financial modelling; determining and measuring chosen MTAP community benefit activities; getting ready to trade; and preparing an application to the loan and grant panel.
- **Up to £100,000 in a combined loan and grant package:** to pay for capital costs, such as purchase of the pub or renovation once owned. The grant is only approved once the loan has been approved with a loan provider. To be eligible, groups have to show an ability to service the loan, clearly demonstrate wider social and economic impact and raise a proportion of funding through community finance.
- **Communications:** Plunkett have more widely supported the community pub sector through communications. This has included proactively working with press outlets such as national radio, TV and newspaper, press releases (at launch, Christmas, during COVID-19), social media based promotion of MTAP activities, and supporting groups with communications such as how to contact their local press, providing template press releases, brand guidance, delivering webinars on social media/online communications and paying for signage/leaflets/banners/online marketing of projects.

<sup>12</sup> Four grants of up to £5,000 were awarded to groups in IMD 1-3 areas on a discretionary basis.

<sup>13</sup> Up to 6 days were available for community shares support with an expert advisor.

## Rationale behind the design of the programme

The MTAP programme was **designed to develop a community group's capabilities, confidence, and resources** to the point where it is **able to purchase, and successfully run, its community asset**.

## Pipeline approach

Learning from support provided by Plunkett through its advisory services pre-MTAP, the MTAP programme developed a **pipeline approach** to support groups to take control of their local pub. The programme has engaged with community groups at the beginning of their journey, and offered tailored support for them that is relevant and needed as they progress.

The rationale behind this approach is that community groups involved in the MTAP programme often come together with no experience of owning or running a pub, or setting up a community enterprise. Therefore, these groups are supported as far as they can go through the processes of legal constitution, community engagement, business planning, share raising and financing, and it is fully expected some groups will only travel part of the way.<sup>14</sup>

## Loan and grant

The loans provided by the MTAP programme have the following characteristics, agreed between Power to Change, MHCLG and the two loan providers Co-operative & Community Finance and The Key Fund:

- Up to £50,000, the amount of which is matched with a grant
- Is unsecured against the asset
- To be repaid over 7 years (with the option of up to one year's repayment holiday)
- At competitive interest rates

<sup>14</sup> Learning from the evaluation of MTAP1 found that early and continual stage development support is an essential component for a group to achieve community ownership of their pub. To this end, the contractual arrangements for MTAP2 were modified, with 50% of the MTAP2 loan money repaid by pubs to the loan providers forwarded to Plunkett to provide early stage support to new groups. The loan providers agreed to this investment because it was clear that very few groups would be able to make it to the end of the pipeline and be sufficiently investment-ready to take their loans, without early stage support.

The rationale behind these characteristics is summarised below.

| Loan and grant characteristic   | Rationale   |
|---|---|
| Matched loan and grant  | By not just providing a grant, but also a loan, community groups become more commercialised and develop a business mentality  |
| Unsecured against the asset   | <p>Offer minimal risk to the loanee's community asset</p> <p>Enables other debt borrowing, especially important in areas with high property prices</p>  |
| Repaid over 7 years (with the option of up to one year's repayment holiday) | <p>Quick repayment terms so that repayments could be reinvested back into the sector through making further loans</p> <p>Maximum flexibility to allow other funding to come in alongside where necessary</p>                                |
| At competitive interest rates   | Compared to other unsecured loans on the market, interest rates are competitive which increases the affordability of the loan for community groups. However, these rates are higher than rates where the loan is secured against the asset. |

### Changes to the programme given COVID-19

The COVID-19 pandemic had a significant impact on the community pub sector. As such, the MTAP programme made changes to help support community pubs through this period. These changes included the following:

**Some support was paused** between March 2020 and September 2020, such as support to new community groups (excluding those in more deprived communities and Power to Change's priority places); loan and grant funding; on-site advisor support, and in-person events.

**New elements were introduced**, including small grants of £2,000 to support service diversification/adjustment due to Covid-19 restrictions; quick response advisor guidance, and general discussions on the subjects that affect community pubs held weekly via Zoom.

**Some support continued:** All community pubs were able to access online events and webinars, community pub resources (such as video case studies and information guides) and the already established community group on Facebook. In addition, previously supported groups were able to continue to receive advisor support and a bursary of up to £2,500.<sup>15</sup>



<sup>15</sup> Plunkett Foundation Steering Group Meeting Presentation, 13th May 2020

## Impact of the programme on participating community pubs

In this section we look at the research questions below concerning the impact of the MTAP programme on participating community groups:

| Theme  | Research questions   |
|--|--|
| Impact of MTAP on the development of community groups              | <ul style="list-style-type: none"> <li>• What is the impact of the programme on participating community groups?</li> <li>• Is appropriate and sufficient support in place for community groups to be successful?</li> </ul>  |
| Impact of MTAP on groups in IMD 1-3 urban areas <sup>16</sup>      | <ul style="list-style-type: none"> <li>• Is appropriate and sufficient support in place for community pubs in IMD 1-3 areas to be successful? If not, why not?</li> <li>• Is appropriate and sufficient support in place for community pubs in urban areas to be successful? If not, why not?</li> </ul> |
| Impact of MTAP on the longer-term sustainability of community pubs | <ul style="list-style-type: none"> <li>• Which elements of the programme lead to longer-term sustainability for community pubs? Is appropriate and sufficient support in place for community groups to be successful?</li> <li>• Has MTAP reduced the failure rate of community pubs?</li> </ul>         |

<sup>16</sup> The most deprived areas as classified by the Indices of Multiple Deprivation

## Who has the MTAP programme supported?

Throughout the two phases of the MTAP programme, a total of 313 unique groups received some type of support, 40 of which received support in both phases.

| Number of groups that received support | Count      |
|--|------------|
| Total MTAP1                            | 197        |
| Total MTAP2                            | 156        |
| MTAP 1 and MTAP2                       | 40         |
| <b>Total of unique groups</b>          | <b>313</b> |

Table 2 Number of groups who received support

Of these groups, over a quarter applied for a loan and grant package (82), of which 55% (45) have either been offered, or have received, the loan and grant.

### Non-start groups

Across the two phases of the programme, 117 groups that enquired or were supported dropped out of the programme due to barriers to their progress. These were referred to as 'non-starts' and constitute 37% of the total programme cohort. Groups were most likely to become non-starts earlier on in the MTAP programme: only two groups became non-starts after receiving approval of a grant and loan.

|                      | All | Action plan | Specialist advisor | Study Visit | Bursary | Grant/ loan applied | Grant/ loan approve |
|----------------------|-----|-------------|--------------------|-------------|---------|---------------------|---------------------|
| Count of unique pubs | 313 | 238         | 140                | 46          | 167     | 82                  | 45                  |
| Non-start            | 117 | 99          | 51                 | 21          | 66      | 20                  | 2                   |
| Non-start rate       | 37% | 42%         | 36%                | 46%         | 40%     | 24%                 | 4%                  |

Table 3 Number and proportion of non-start groups by the support received



### Geographical distribution of groups

The 313 community groups which received support from the programme are located across England.

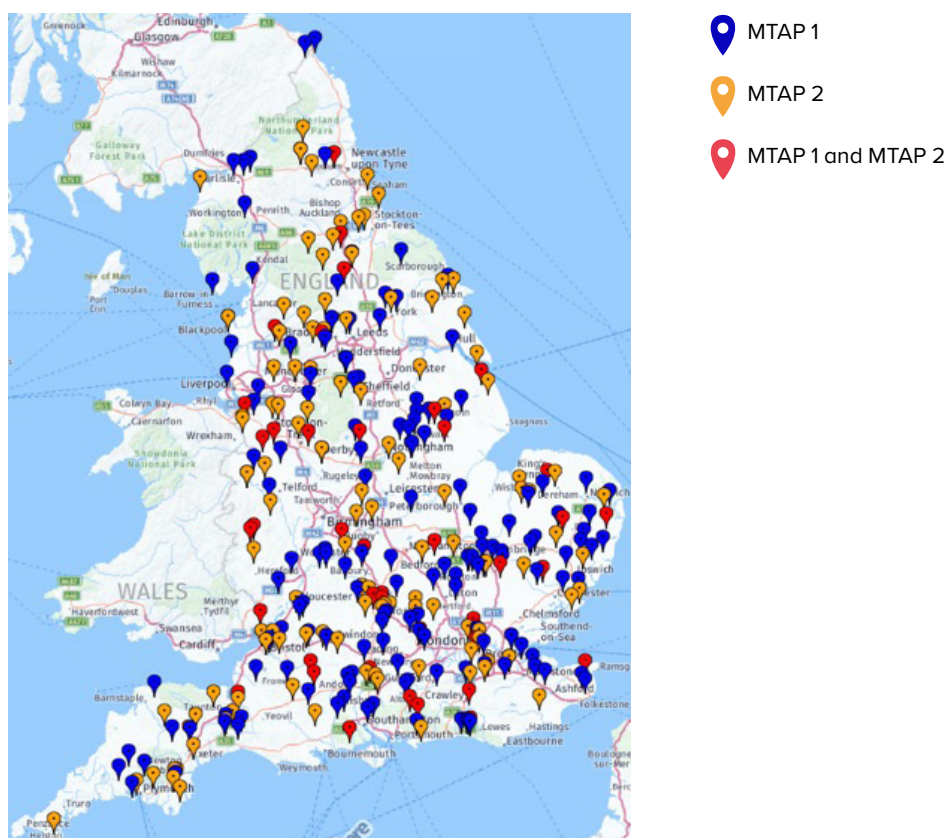


Figure 1 Map of groups received support (N=313)<sup>17</sup>

Of the groups supported by the MTAP programme, the majority are located in the South or East of England (55%). Fewer groups were supported in the Midlands (19%) and Greater London (4%). Some regional differences emerged across the two phases of the programme: in MTAP2 there was a higher proportion of groups from the North East supported (15% vs. 8%), but a lower proportion from the East of England (13% vs. 19%).

| Groups received support by region | Unique count | %           | MTAP1      | %           | MTAP2      | %           |
|-----------------------------------|--------------|-------------|------------|-------------|------------|-------------|
| South East                        | 62           | 20%         | 45         | 23%         | 29         | 19%         |
| South West                        | 56           | 18%         | 30         | 15%         | 30         | 19%         |
| East of England                   | 54           | 17%         | 38         | 19%         | 21         | 13%         |
| North West                        | 36           | 12%         | 21         | 11%         | 19         | 12%         |
| North East                        | 35           | 11%         | 15         | 8%          | 23         | 15%         |
| East Midlands                     | 31           | 10%         | 23         | 12%         | 12         | 8%          |
| West Midlands                     | 28           | 9%          | 18         | 9%          | 16         | 10%         |
| Greater London                    | 11           | 4%          | 7          | 4%          | 6          | 4%          |
| <b>Total</b>                      | <b>313</b>   | <b>100%</b> | <b>197</b> | <b>100%</b> | <b>156</b> | <b>100%</b> |

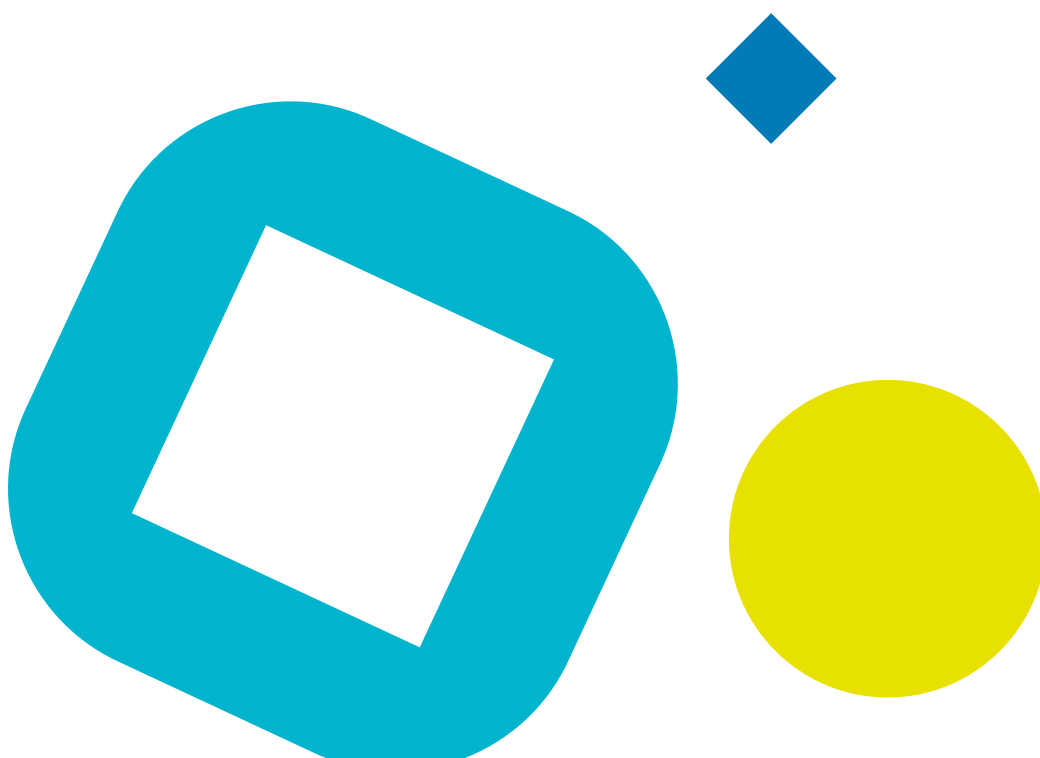
Table 4 Groups received support by region (N=313)

The regional distribution of groups applying for a loan and grant is broadly similar to the regional distribution of groups receiving any type of support on the programme, with 62% of those applying coming from groups in the South and/or East of England. However, no groups in London have applied for the loan and grant, despite 11 receiving some type of MTAP support. Groups in the North West were less likely to be approved (11% vs. 16%), whereas those in the West Midlands were slightly more likely to be approved (9% vs. 13%).



| Number of groups by region | Applied for loan and grant |             |           |           | Loan and grant approved/completed |             |           |           |
|----------------------------|----------------------------|-------------|-----------|-----------|-----------------------------------|-------------|-----------|-----------|
|                            | Unique count               | %           | MTAP1     | MTAP2     | Unique count                      | %           | MTAP1     | MTAP2     |
| East of England            | 24                         | 29%         | 17        | 8         | 13                                | 29%         | 8         | 5         |
| South West                 | 14                         | 17%         | 7         | 7         | 8                                 | 18%         | 2         | 6         |
| North West                 | 13                         | 16%         | 8         | 5         | 5                                 | 11%         | 3         | 2         |
| South East                 | 13                         | 16%         | 9         | 4         | 6                                 | 13%         | 5         | 1         |
| East Midlands              | 7                          | 9%          | 5         | 2         | 4                                 | 9%          | 3         | 1         |
| West Midlands              | 7                          | 9%          | 6         | 1         | 6                                 | 13%         | 5         | 1         |
| North East                 | 4                          | 5%          | 2         | 2         | 3                                 | 7%          | 1         | 2         |
| Greater London             | 0                          | 0%          | 0         | 0         | 0                                 | 0%          | 0         | 0         |
| <b>Total</b>               | <b>82</b>                  | <b>100%</b> | <b>54</b> | <b>29</b> | <b>45</b>                         | <b>100%</b> | <b>27</b> | <b>18</b> |

Table 5 Number and proportion of groups applied for loan and grant in MTAP1 and MTAP2 by region (N=82), received or offered grant/loan (N=45)





- 📍 Loan/grant completed or offered
- 📍 Applied for loan/grant and was not offered

Figure 2 Map of groups applied for grant and loan (N=83) by status of loan/grant: completed/approved (N=45), not offered (38)<sup>18</sup>

### Urban and rural distribution

Across the two phases of the programme, almost three quarters (73%) of groups were based in rural areas (227). The urban/rural distribution of groups supported changed slightly from MTAP1 to MTAP2, with MTAP2 attracting a lower proportion of groups from urban areas (25% vs. 30%).

<sup>18</sup> Map was generated by [www.doogal.co.uk](http://www.doogal.co.uk)

Proportion of supported groups by rural/urban areas and MTAP phase

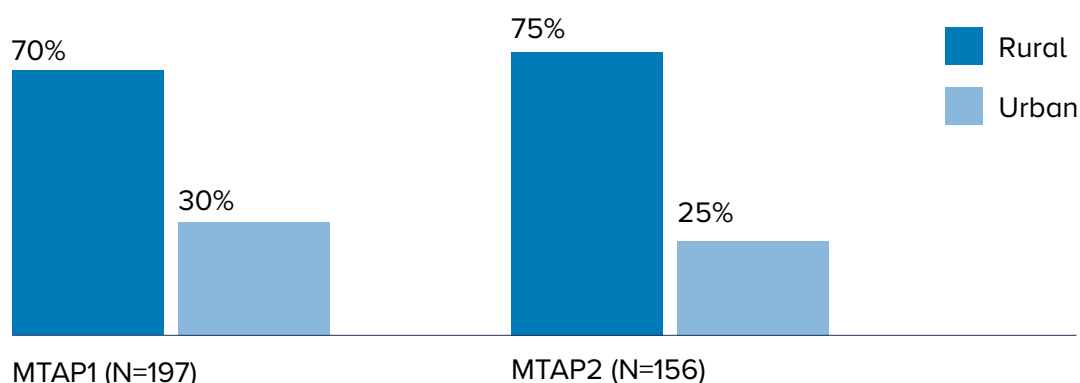


Figure 3 Proportion of supported groups by rural/urban areas and MTAP phase (N=313)

### Indices of Multiple Deprivation (IMD)<sup>19</sup>

The places where groups engaged with the programme are located are skewed towards less deprived areas. 31 out of the 313 pubs supported by the programme (10%) are based in the 30% most deprived Lower Super Output Areas (LSOAs) in the country.<sup>20</sup> The MTAP2 programme has seen an increase in the proportion of groups from the most deprived areas (IMD 1-3) receiving support compared to MTAP1, from 7% to 13%. In a similar vein, the proportion from the least deprived areas (IMD decile 8-10) has decreased from 34% to 31%.

Proportion of groups who received support by IMD decile

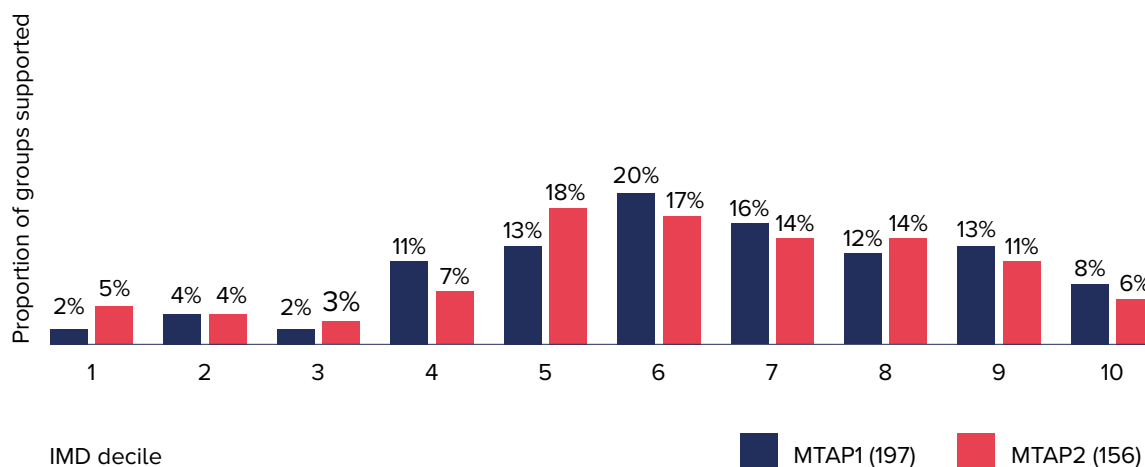


Figure 4 Proportion of groups who received support by IMD decile (N=313)

<sup>19</sup> The data in this section are taken from the 2015 Indices of Multiple Deprivation: <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2015>

<sup>20</sup> Lower Super Output Areas <https://www.ons.gov.uk/methodology/geography/ukgeographies/censusgeography>

Of the 31 supported groups located in the most deprived areas (IMD 1-3), 28 were located in urban areas. In contrast, two thirds of groups based in the least deprived areas (IMD 8-10) were from rural areas.

| IMD decile   | Unique count | %           | Rural      | Urban     |
|--------------|--------------|-------------|------------|-----------|
| 1            | 11           | 4%          | 1          | 10        |
| 2            | 13           | 4%          | 1          | 12        |
| 3            | 7            | 2%          | 1          | 6         |
| 4            | 29           | 9%          | 21         | 8         |
| 5            | 47           | 15%         | 41         | 6         |
| 6            | 60           | 19%         | 53         | 7         |
| 7            | 45           | 14%         | 42         | 3         |
| 8            | 44           | 14%         | 31         | 13        |
| 9            | 34           | 11%         | 24         | 10        |
| 10           | 23           | 7%          | 12         | 11        |
| <b>Total</b> | <b>313</b>   | <b>100%</b> | <b>227</b> | <b>86</b> |

Table 6 Groups received support by IMD decile and by rural/urban area (N=313)



Number of supported groups by IMD decile and urban/rural split

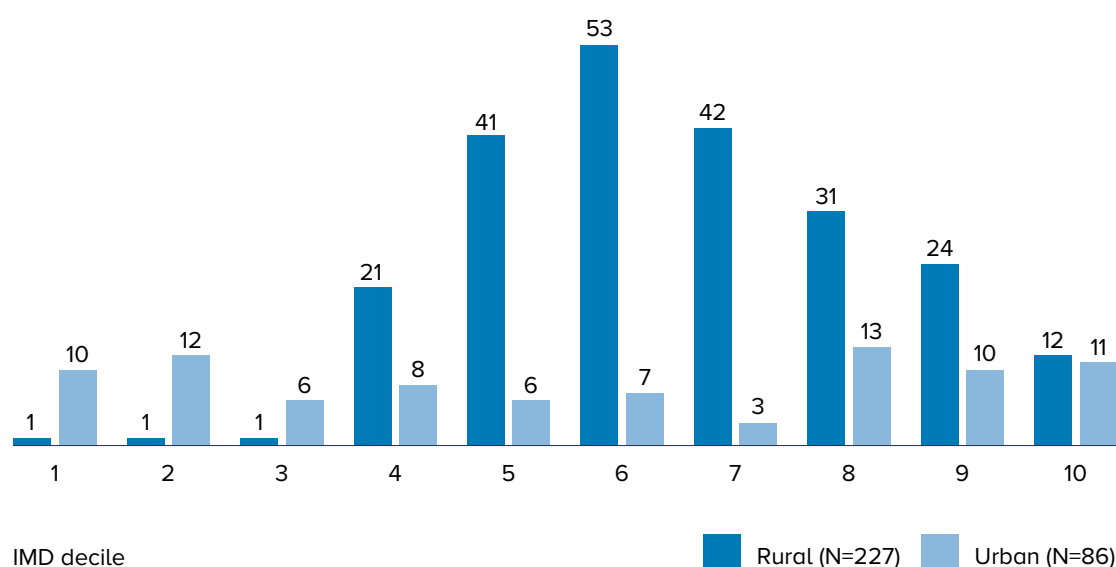


Figure 5 Number of supported groups by IMD decile and urban/rural split (N=313)

### Cost of committed support

When comparing the cost of support provided to groups in more deprived areas to other areas of England, it was found that bursaries were almost twice as expensive (£4,870 for IMD 1-3 areas compared to £2,500 for IMD 4-10). In addition, specialist advisor support was marginally more costly (£840 vs. £817). In contrast, action planning support was more costly for community groups based in less deprived areas. It is important to note that these findings should be treated with caution due to the relatively small numbers of groups in IMD 1-3 areas who received such support.<sup>21</sup>

<sup>21</sup> The programme offered double bursary and specialist support allocations to groups in IMD1-3, but often the groups supported ceased their activity before they were able to draw down this support.

| MTAP2 cost of provided support by IMD 1-3 and IMD 4-10 |                    | IMD 1-3 | IMD 4-10 |
|--|--------------------|---------|----------|
| All  | Count              | 20      | 136      |
| Count  | Action plan        | 10      | 57       |
|  | Specialist advisor | 9       | 42       |
|  | Bursary            | 7       | 48       |
| Median   | Action plan        | £345    | £500     |
|  | Specialist advisor | £840    | £817     |
|  | Bursary            | £4,870  | £2,500   |

Table 7 MTAP2 cost of provided support by IMD 1-3 and IMD 4-10

When assessing the cost of support for urban and rural areas, there was no difference for action planning or bursary costs. However, the median cost of specialist advisor support was higher for groups in rural areas (£840) compared to groups in urban areas (£770). It is important to review these figures with caution, due to the relatively small number of groups in urban areas who received such support.

| MTAP2 cost of provided support by urban/rural areas |                    | Urban  | Rural  |
|---|--------------------|--------|--------|
| All   | Count              | 39     | 117    |
| Count   | Action plan        | 16     | 51     |
|   | Specialist advisor | 12     | 39     |
|   | Bursary            | 12     | 43     |
| Median  | Action plan        | £500   | £500   |
|   | Specialist advisor | £770   | £840   |
|   | Bursary            | £2,500 | £2,500 |

Table 8 MTAP2 cost of provided support by urban/rural areas



## How have pubs been supported by the MTAP programme?

As mentioned previously, the More than a Pub programme launched with an ambitious set of targets to guide the programme delivery. The MTAP KPIs for the Power to Change endowment period cover both phase one and phase two of the MTAP programme.

Table 9 Extent to which MTAP KPIs have been achieved

| MTAP KPIs for the PTC endowment period (to 2025)  | Update in April 2021   |
|---|--|
| 80 new pubs moved into community control over the Endowment Period, particularly in areas having high social need | 63 new pubs have been supported into community control <sup>22</sup> .                                     |
| Success rate for community-controlled pubs of at least 80% (with a target of 95%) over the Endowment Period       | The success rate is currently over 98%. One leased pub has ceased operations.                              |
| 16,000 new individual members with direct investment in their community-controlled pub                            | 14,360 new individual members with direct investment in their community-controlled pub <sup>23</sup>       |
| £12m leveraged community share capital through supported community groups   | £14,010,843 has been leveraged in community share capital through supported community groups <sup>24</sup> |
| Number of pubs which have been listed as ACVs – no target set   | 270 pubs have been listed as ACVs, of which 213 ACVs were listed during MTAP.                              |

Over and above the overall programme targets, MTAP2 had programme-specific output targets to achieve within the £2.2m budget, as detailed in the table below. In total, MTAP2 provided support to 70 community groups with a minimum of action planning advisor support, of which 66 groups progressed to received specialist advisor support to deliver the plan and 19 received a loan and grant package worth a total of £1.8m.

In addition to the core programme of support described in the introduction, the MTAP2 programme also had a focus on supporting groups that had already opened their pub but needed additional support. As part of this, the programme provided 23 groups with 'Thrive' support (a specialist advisor providing support to help the pub thrive), and three groups with 'At Risk' support (where a pub is open and trading, but at risk of closing).

<sup>22</sup> It is expected that a further three will be in community control by September 2021 (Plunkett).

<sup>23</sup> It is expected that this figure will surpass 15,000 in May 2021 (Plunkett)

<sup>24</sup> It is expected that this figure will be close to £15m in May 2012 (Plunkett)

The MTAP2 programme also had a greater focus on the support provided to urban and lower IMD groups, an increased focus on community benefit and the introduction of the standard shares mark. Thirty-one groups were supported to undertake the community shares standard mark, four times as many as the target set in June 2019. Six community groups in IMD 1-3 areas received bursaries, with four of these receiving the additional top-up bursary (out of a target of ten).

Table 10 Output targets set for MTAP2, and the extent to which these have been achieved

| MTAP2 Output targets   | Target set in June 2019     | Update in April 2021        |
|--|-----------------------------|-----------------------------|
| Number of unique enquiries   | 250                         | 311                         |
| Number of groups to receive action planning advisor support                        | 100                         | 70                          |
| Number of groups to participate in study visits <sup>25</sup>                      | 25                          | 101                         |
| Number of groups to receive specialist advisor support                             | 40                          | 66                          |
| Number of groups to be supported to undertake the community shares standard mark   | 8                           | 31                          |
| Number of existing community pubs to receive advisor support                       | 10                          | 23                          |
| Number of additional advisor support allocations for 'at risk' support if required | 10                          | 3                           |
| Number of bursaries to be issued   | 40                          | 55                          |
| Number of additional top-up bursaries for IMD 1-3 groups                           | 10                          | 4                           |
| <b>Number of loan and grant funding packages approved</b>                          | <b>16 (totalling £1.6m)</b> | <b>19 (totalling £1.8m)</b> |

<sup>25</sup> During COVID-19, study visits were switched to virtual study visits. In total 15 were delivered, a mixture of 1-2-1s, groups and virtual sessions.

It is important to note that since March 2020 when the pandemic began in the UK, much of the support offered above was put on pause. However, Plunkett Foundation did still provide support to community groups in the form of ad hoc support, small grants (up to £2,000 for redesigning/repurposing services to trade and/or meet community needs), peer networking and learning (Zoom chats, Facebook group, webinars) and online specialist advisor support. These outputs were:

- 33 small grants for service adaptations (up to £2k)
- 21 allocations of quick response COVID-19 Zoom support
- 25 allocations of non-COVID-19 Zoom support, which was introduced as a result of the success of COVID-19 Zoom support.

### Impact on the development of community groups

A typical community group supported by MTAP will have developed in five main ways:

1. They better understand the process and timescales involved in buying a community-owned pub
2. They are better able to navigate the process of buying a pub
3. They are better able to access funds to buy a pub
4. They are better able to have the confidence to buy a pub
5. They are better able to understand how to run a pub once brought into their ownership

#### **1. They better understand the process and timescales involved in buying a community-owned pub**

Before beginning the MTAP programme, community groups do not tend to understand the process of buying a community-owned pub. The initial meeting with advisors plays a central role in helping community groups **understand the process of buying a pub**, including the timescales involved and encourages the group to become more realistic about what is achievable in those timescales.<sup>26</sup> This helps community groups to understand **whether their initial plans are achievable**, and importantly, if they are able to, and want to, commit to buying and opening a community pub.

<sup>26</sup> For example, some community groups are bound by the full moratorium period of six months of their Asset of Community Value (ACV).

Additionally, a key role of the advisor is to support community groups to develop an action plan (a type of diagnostic tool) that helps community groups **think through their plans** and **sets them up to progress** to the next stages of development.

**“I think that in many ways the initial support is the most useful because it helps to make the process run efficiently. The action plan exercise, although it’s not particularly difficult, it does focus on what needs doing, raises questions that perhaps [the community groups] haven’t thought about in the past. If [done] right, [the process will] ... help them to develop momentum.”**

**Advisor**

This is because the support enables groups to **identify key actions** to work towards **within a particular timescale**.

**“[The action plan] forces the group to stop talking and to focus on actions. One of the things you will find [in the early stages] is a tendency for a group to attract commentators, some commentating is good but if you have a group of commentators but no one willing to take positive action nothing will happen. If I give them an action plan and ask who will do this job that focuses the group [and] weeds out groups at that stage.”**

**Advisor**

## **2. They are better able to navigate the process of buying a pub**

Following on from the initial meeting, the advisor helps the community group to better navigate the process of buying a pub. In total, 66 community groups on MTAP2 received specialist advisor support throughout the process. This includes a variety of support, such as:

- **Navigating legislation and setting up the business:** how to legally structure their community pub; how to set up an appropriate bank account; and how to launch a share offer.
- **Raising community engagement/awareness:** how to host a community meeting; and how to write a share prospectus so the community fully understands it.
- **Developing a relationship with, and negotiating with, the vendor:** how to develop a positive working relationship with the vendor; how to negotiate with a prospective developer; how to challenge planning applications; and how to manage an unwilling vendor.

**“[The advisor helped us in] deciding on the legal structure of the pub. We were getting some strong advice from Plunkett to change ourselves into a community benefit society. Which we did. And they helped us through that, we use their template. They guided us through all that stuff. They were very helpful.”**

**MTAP Grantee**

This support helps community groups better understand the different stages of buying a pub, which can help them progress.

**“So, I remember a particularly useful detailed conversation with a consultant about which type of company to form. And then within that, what we could do in terms of raising investment, what limits were put on us in terms of kind of maximum shareholding voting rights, offering dividends and so forth. You know, all of that kind of real corporate level stuff was really, really useful.”**

**MTAP Grantee**

### **3. They are better able to access funds through their local community to buy a pub**

Community groups expressed that it can be difficult to find willing funders to support the purchase and renovation of a pub. MTAP tends to be one of the only places where community groups can access business development support and capital funding to successfully purchase their pub. Acceptance onto MTAP generates belief amongst community groups and the local community that the pursuit of purchasing the pub is a legitimate and worthwhile exercise. In some cases, conditional approvals of promising applications for the loan and grant can be used to show potential shareholders that there is up to £100,000 available if they can sell sufficient shares. In addition, advisors provide support by attending community meetings to answer concerns and queries and offering guidance on how best to raise additional funds. Hence, through the MTAP support, community groups are better able to access funds through their local community to buy the pub.

**“Basically, we wouldn’t have been able to buy [the pub] without [Plunkett Foundation]. ... it is the only route to get funds to buy the pubs... There wasn’t anywhere else where there were large chunks of cash.”**

**MTAP Grantee**

#### **4. They are better able to have the confidence to buy a pub**

By being on the MTAP programme, community groups are more confident about their ability to buy their pub. This confidence comes from three sources: receiving support from an advisor, connections to successful pubs, and investment from an outside body that is willing to invest in the group.

**“I think it’s providing information and self-confidence really, putting them in touch with other community groups.... Study visits are incredibly valuable.”**

**Advisor**

**Advisor support is critical to helping community groups believe they can buy their pub.** By taking groups through the main process of buying a pub, and providing support at each stage, advisors instil confidence in community groups in their ability to buy their pub.

**“Really helpful, [we] had an advisor who helped us on our way. He gave [us a] good steer from time to time but most [of what] we were doing he said we got right...”**

**MTAP Grantee**

**Peer support also increases confidence:** knowing that other groups have been through the same thing, and been successful, shows community groups that it can be done. This is particularly the case when groups are connected to successful pubs that have similar circumstances, for example, are in a similar geographical region (urban vs. rural, level of deprivation), or have a similar focus (music pub, gastropub).

**“In the first phase, we went through a stage where we must have, between us, we went to visit I’m guessing six, eight different pubs that had been bought by the community... these people were really helpful... And [they] told us how they had done it. [They] shared all [their] documents with us. The shareholder’s prospectus, the offer to the landlord, everything [they] shared with us.”**

**MTAP Grantee**

**Financial support has a psychological effect on community groups:** having an outside body willing to invest in supporting the group increases the confidence of the community group in their ability to be successful in buying the pub.

**“The bursary [was] very useful. The psychological effect that an outside body like Power to Change and the National Lottery [sic] are prepared to put some money in to help a group. Tells the group they have to put as much publicity [into it], gives them confidence and other people in the community [confidence]. Getting outside funding helps to engage the community.”**

**Advisor**

### **5. They are better able to understand how to run a pub once brought into their ownership**

As highlighted in the chapter above, community groups often consist of community members who do not have experience in buying or running a pub. Being on the MTAP programme has enabled some community groups to better understand and be more confident in running a pub once it is brought into community ownership. This is because, with the support of a MTAP advisor, **community groups create business plans**, looking at components like management models and staffing. In addition, through Plunkett membership, groups have access to a range of online resources covering cash systems, accountancy, HR and managing staff and assets, as well as a peer network. Nevertheless, the transition to running a pub can be a steep learning curve for community groups and has been highlighted as a key challenge, where some groups of open and trading pubs felt they could have benefitted from greater support. This is discussed in more detail in an accompanying learning paper.

**“They helped us map out our business plan, our timelines... and things we should be doing. They provide us with frameworks for a business plan and share perspectives. And really, it was the culmination of all the work we’ve done with them.”**

**MTAP Grantee**

### **Barriers to development**

Despite these positive impacts on the development of community groups, some have faced challenges relating to the MTAP programme which have created barriers to their development. These include the **length of the application process**, having to **showcase their social impact** and the **flexibility of MTAP funding**.

Community groups in the early stage of their development are often working to specific timescales set by various factors such as landlords or the community right to bid based moratorium and even competition from other bidding parties. Related to this, one community group expressed that they faced a challenge with how long the MTAP application process took. The length of the application for the bursary ultimately played a key role in deciding not to apply for a loan and grant after their community share offer.

As mentioned in the introduction, a central component of the MTAP programme and application criteria for grantees is that the groups applying must be committed to delivering services for the benefit of the wider community.<sup>27</sup> Community groups have sometimes found this criteria hard to understand and can struggle to know how to demonstrate it in their application, particularly those who are not familiar with the terminology of social impact. Despite the programme publishing extensive guidance on community benefit planning at the start of 2020 and MTAP advisors often supporting community groups with this component, some community groups still **found meeting the requirements challenging**.

**“Probably the thing that challenged us most was our meeting the requirements of the community development plan. It’s a key [programme] criteria. We felt we wrote a very good one [with] a lot of elements in it. All of which we felt were positive contributors, but [it seemed to be] rather summarily dismissed [by the approval panel] the first time”**

#### **MTAP Grantee**

Community groups have access to several different types of support through MTAP. This includes financial support in the form of a bursary grant and a combined loan and grant package. The latter has three key defining features: the combined package cannot exceed £100,000; the maximum grant contribution is £50,000 and loan and grant funding are always made up of equal amounts.<sup>28</sup> While many community groups are successful at accessing this package, some groups that are worried about their future profitability cannot opt to only access a grant or ask for a higher proportion of the investment to be a grant. This means there is a limit to the financial flexibility of the programme, which can create challenges for pubs in certain circumstances, particularly those who are worried about their ability to cover the cost of loan repayments (covered further in the following section).



<sup>27</sup> Power to Change, More than a Pub Applicant Guidance. p4 <https://plunkett.co.uk/wp-content/uploads/PTC-More-than-a-Pub-Applicant-Guidance.pdf>

<sup>28</sup> Power to Change, More than a Pub Applicant Guidance. P9 <https://plunkett.co.uk/wp-content/uploads/PTC-More-than-a-Pub-Applicant-Guidance.pdf>



## Impact of community share offer Standard Mark support & diversity and inclusion guidance

An adaptation of the MTAP programme in its second phase has been the establishment of the community share offer Standard Mark support, and guidance on diversity and inclusion. The impact of both these elements has been mixed and difficult to evidence.

Support for the establishment of the community share offer Standard Mark<sup>29</sup> was introduced in the second iteration of the MTAP programme to help groups appear more legitimate to community investors. The aim of the mark is to showcase that the community group have created a clear, honest, and transparent community share offer and that investors are presented with all the facts they need to make an informed decision.<sup>30</sup> Originally, **MTAP2 aimed to provide Standard Mark support to eight community groups, yet demand exceeded expectations and by the end of MTAP2 31 groups received support.** This suggests that the offer of Standard Mark support was valued by community groups. However, there was **mixed feedback about the Standard Mark process** from advisors.

Advisors have reported that it is a positive step to establish a standard for the sector, and that it could be an important tool to drive forward the quality of shares offers to communities.

**“Driving quality is important as well, we are keen to see community shares mark ...it tells you that community have gone through a particular process.”**

**Advisor**

Despite this, the usefulness of the tool to grantees themselves is still undetermined. This is because the process of obtaining the Standard Mark takes time, which can be difficult when community groups are navigating other time pressures set by external factors such as vendors.

**“I’d say mixed. Because it adds a delay into the process... no matter how quickly you work if there is going to be an independent review of that document and changes made, it will take a minimum of two weeks, possibly more like a month, and sometimes pubs can’t wait that long so they will say I won’t do it.”**

**Advisor**

<sup>29</sup> Cooperatives UK, Community Shares Standard Mark, <https://www.uk.coop/start-new-co-op/support/community-shares/standards>

<sup>30</sup> Cooperatives UK, Community Shares Standard Mark, <https://www.uk.coop/start-new-co-op/support/community-shares/standards>

**“I think for some community groups it probably isn’t really necessary so much – they might do it, but they don’t need to...”**

**Advisor**

The impact of the **guidance on diversity and inclusion and greater community benefit** has been difficult to ascertain. This is because no evidence has emerged from our interviews with advisors, loan providers and grantees about the impact of the guidance on programme implementation. There is however a sense that the second round of MTAP has shown a real focus on diversity and inclusion.

**“I think the programme has made real efforts on [diversity and inclusion].”**

**Advisor**

In addition, advisors have reflected that a challenge in pushing for more diversity and inclusion is that a pub can only be diverse and inclusive to the point of reflecting the community it is based in. Community groups have shown signs of thinking about inclusivity within the parameters of their communities such as social class, however at the broader class of diversity and inclusion, there are structural issues that the programme has not been able to tackle. These structural issues include lack of community wealth, lack of skills in more deprived areas, and the property market in urban areas.

**“As far as the [inclusion] side of things is concerned, it’s not a case of [lack of] willingness nor its ability, [that is not] really ever an issue.... I think the issue of providing services to make business ‘more than’ just a pub has been very well received by groups. It’s made them think about what they can do with this important community building. It’s made people realise... it doesn’t need to purely [be] a place people can drink and go for a quick meal.... [However] on the diversity side of things, it’s difficult in rural areas. Inclusivity works well because [it is] pushing groups to think about [their] pub, to think about [the] ‘more than.’ A wider age range of people [use] the facility, probably across social classes as well, [for there is a] big divide in many rural areas.”**

**Advisor**

## Impact on place

When assessing the impact of the MTAP programme on place, and specifically, IMD 1-3 areas and urban areas, we found that the extent to which the programme successfully supported groups in these areas were primarily driven by wider, more structural issues, rather than programme specific factors. The major barrier in most cases was the prohibitive cost of the purchase price and/or refurbishment, alongside limited disposable incomes and community wealth.

## Impact on groups in IMD 1-3 areas

Around 20 community pub groups based in areas in IMD 1-3 have been supported through MTAP2. However, despite the emphasis of efforts from MTAP to increase the success rates of community pubs in IMD 1-3 (typically urban areas), it was only able to bring two of these pubs into community ownership during the timespan of the programme.<sup>31</sup>

The programme has, however, supported two IMD 1-3 pubs into community control with a lease arrangement and helped maintain and grow two more that were in existing lease arrangements. There is potential for these community groups to go on to buy their pub, should the owners choose to facilitate this. However, substantial capital sums would need to be secured.

There are some MTAP design and implementation factors that have impacted IMD 1-3 community groups' ability to progress in their journey. A key factor in the programme design and approach has been around the **language and the assumptions used to conceptualise a community pub**. Advisors have reported feeling like there is an assumption, both in the programme design and through wider societal assumptions, that the community groups will come from the middle class and have a professional background. This has not only resulted in language and accessibility issues but also issues of how the programme and people in a wider sense visualise community groups. For example, how pubs are represented in the media.

**“I think there is a language and cultural issue, I don't mean in terms of talking to ethnic minorities, I mean in talking to working-class communities. If you look back to MTAP1 almost all examples are rural... White working-class communities and minority ethnic working-class communities [also go to pubs]. You have innovations in local pubs, pubs taken over by Hindu or Sikh communities [that] sell [...] hot curries and hit over [their] targets.... None of them are community-owned.”**

**Advisor**

**“The media perpetuates an image of nice rural pubs being community-owned. I know they have tried to push other examples in the media [but that is still] where it goes.”**

**Advisor**

| <b>Structural Factors</b>                         |
|---|
| Prohibitive cost of purchase and/or refurbishment |
| Lack of community wealth                          |
| Lack of relevant skills                           |
| Lack of social capital                            |

However, for IMD 1-3 areas, we found that the extent to which the programme successfully supported groups in these areas was **primarily driven by wider, more structural issues, rather than programme specific factors.**

Community groups based in IMD 1-3 areas face a number of structural issues that those based in less deprived areas do not have to manage.

Communities in IMD 1-3 areas have **limited community wealth** compared to those in less deprived areas: net annual household income estimate before housing costs in deprived areas is £25,056 compared to £31,905 respectively in the rest of England.<sup>32</sup> This means that it can be more difficult for community groups to raise enough money in community shares to be able to purchase a pub.

Locality (2018)<sup>33</sup> also suggest that in areas of high deprivation, communities may lack the capacity to take on the process of asset ownership, because of a **lack of professional skills and experience**, and a **lack of social capital.**

Compared to the England average, fewer people in deprived areas have a level 4+ qualification (22.5% vs 32.6%) or work in managerial, professional, or associate professional occupations (27.2% vs. 41.1%)<sup>34</sup>, which leads to a **lack of professional skills and experience** in the community and less community capacity to respond collectively to issues and challenges, access vital support, and leverage resources.

<sup>32</sup> Oxford Consultants for Social Inclusion (2020), Left Behind areas 2020-Interim Set, [https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2020/07/Left-Behind-Areas-IMD-2019-REVISED-SLIDE-DECK-with-revised-unemployment-slide-Read-Only-copy\\_compressed.pdf](https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2020/07/Left-Behind-Areas-IMD-2019-REVISED-SLIDE-DECK-with-revised-unemployment-slide-Read-Only-copy_compressed.pdf)

<sup>33</sup> Locality (2018), Places and Spaces: The future of community asset ownership, <https://locality.org.uk/wp-content/uploads/2018/03/Locality-Places-and-spaces-report-final.pdf>

<sup>34</sup> Oxford Consultants for Social Inclusion (2020), Left Behind areas 2020-Interim Set, [https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2020/07/Left-Behind-Areas-IMD-2019-REVISED-SLIDE-DECK-with-revised-unemployment-slide-Read-Only-copy\\_compressed.pdf](https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2020/07/Left-Behind-Areas-IMD-2019-REVISED-SLIDE-DECK-with-revised-unemployment-slide-Read-Only-copy_compressed.pdf)

Areas of high deprivation also have less community capacity because of **low social infrastructure**. This deficit in social infrastructure in turn **impacts the level of social capital an area has**, i.e. the ‘glue’ that holds communities together, which results in weakened connections between residents, organisations, public agencies, volunteering, and civic activity,<sup>35</sup> which can limit groups’ ability to successfully navigate the complex processes involved in acquiring a community-owned pub.

All of these factors combine with the challenge of typically **high purchase and/or refurbishment costs**, even in relatively deprived areas. Despite the attempts of the programme to support groups in IMD 1-3 areas, by matching advisors’ experience and backgrounds to particular groups, offering mentorship from community groups that have successfully opened in IMD 1-3 areas, and delivering technical support, the programme has rarely been able to help community groups overcome these structural barriers to diverse community pub ownership.

### Impact on groups in urban areas

The original MTAP programme was not explicitly designed with a focus on rural or urban areas. Whilst it is delivered by Plunkett Foundation, whose expertise and networks lie in rural communities, the programme was designed to create wider expertise through the recruitment of a geographically diverse group of Advisors from partner organisations such as Locality and Co-operative and Mutual Solutions Limited, as well as through peers, such as community pub leaders with lived experience.

However, despite this additional support for groups in urban areas, in one case, an urban community group felt like their advisor did not understand their local context. Advisors have also reported that working in urban areas requires a different skill set as the market is very different.

**“We were one of the few urban pubs Plunkett had supported. 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. [...] It is easier to garner a small village community behind the one asset it has.... [MTAP] needs to work on the difference between urban and rural.... When you have a rural area with only one pub, it’s an easier battle.”**

**MTAP Grantee**

<sup>35</sup> Oxford Consultants for Social Inclusion (2020), Left Behind areas 2020-Interim Set, [https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2020/07/Left-Behind-Areas-IMD-2019-REVISED-SLIDE-DECK-with-revised-unemployment-slide-Read-Only-copy\\_compressed.pdf](https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2020/07/Left-Behind-Areas-IMD-2019-REVISED-SLIDE-DECK-with-revised-unemployment-slide-Read-Only-copy_compressed.pdf)

As with IMD 1-3 areas, structural factors have a large impact on a community group's ability to successfully navigate their journey to ownership, with the perception of higher property prices in urban areas and greater market saturation of pubs.

**“In planning meeting in appeal to turning flats, planning officer showed google maps with pubs nearby...A setback for us was that other pubs existed nearby.”**

#### **Community Group in Urban Area**

It is often seen that community groups based in both IMD 1-3 and urban areas see some of these **structural factors exacerbated**. For example, a lack of community wealth coupled with higher property prices means it is even more difficult to raise enough in community shares for pub purchase.

Despite this, urban, deprived areas, **may be more able to alleviate some structural issues** than rural, deprived areas. For example, drawing in talent and skills from outside their immediate catchment area (in cases where the required professional skills and experience are not available locally) is much more feasible in an urban area than a rural area.

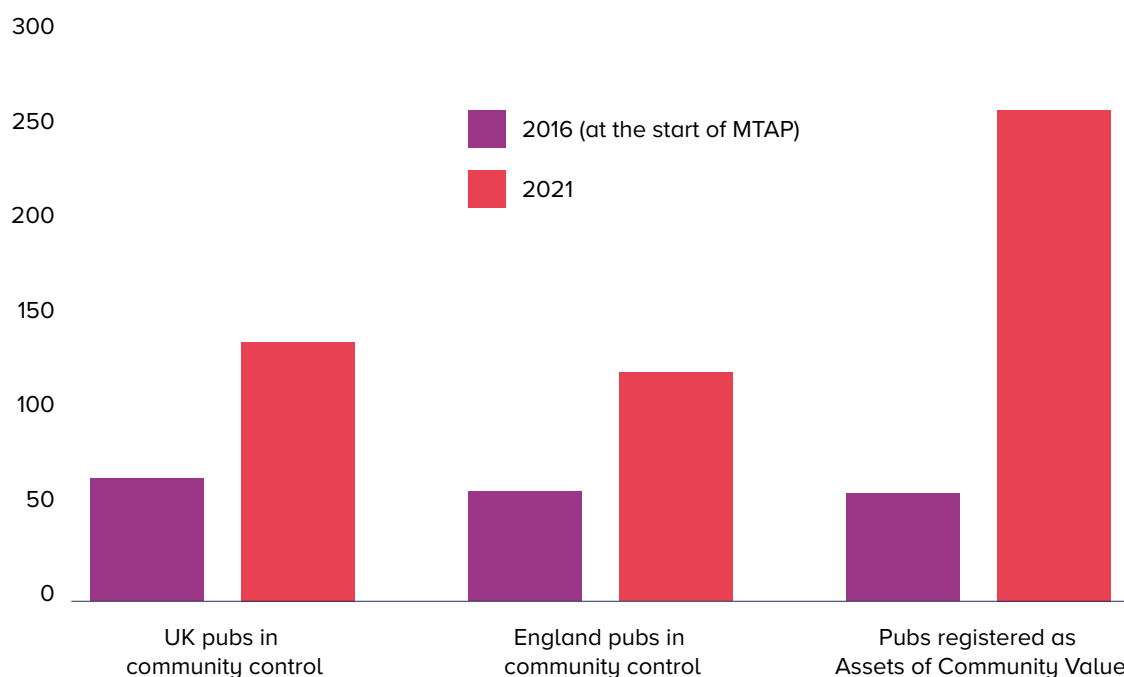
#### **Impact of MTAP on longer-term sustainability of community pubs**

As indicated in the previous chapter, **the process of buying, and running, a community pub is complex**. Similarly, the factors that determine the success of an open and trading community pub and their long-term sustainability are multifaceted. This section explores the impact of MTAP on the long-term sustainability of community pubs and the key elements of the programme that lead to this.

A key starting place when looking at the impact of MTAP on longer-term sustainability is to look at the context of the community pub sector when MTAP started. Plunkett Foundation estimate that when MTAP was launched in 2016, there were approximately 73 community-owned pubs in England.<sup>36</sup> By 2019, there were 119 community-owned pubs. Given that the MTAP programme supported more than 40 pubs into community control in its first phase, which ended in early 2019, this suggests that nearly all of the new community-owned pubs in these three years were supported by the programme. The figure below compares the number of pubs in community control and the number of pubs registered as Assets of Community Value at the start of MTAP in 2016 and the end of MTAP in 2021. It demonstrates that there has been a clear increase in the number of pubs in community control in England as well as an increase in the number of pubs registered as an Asset of Community Value.

<sup>36</sup> Plunkett Foundation (2020), Co-operative pubs: a better form of business, [https://www.powertochange.org.uk/wp-content/uploads/2020/10/Plunkett\\_BB-2020\\_Pubs\\_final.pdf](https://www.powertochange.org.uk/wp-content/uploads/2020/10/Plunkett_BB-2020_Pubs_final.pdf)

### Community pub sector comparison between the start of MTAP (2016) and the end of MTAP (2021)



The main impacts of MTAP on the long-term sustainability of community pubs are:

1. **Community pubs are better able to plan for a financially sustainable future:** The design of MTAP has encouraged community groups to think about financial sustainability from the beginning, by creating business plans that allow pubs to avoid becoming reliant on grant funding
2. **Community pubs are encouraged to consider their community benefit as part of their long-term plans,** through ongoing community engagement
3. **Community pubs are better able to find a suitable management model** that is organisationally sustainable

#### **Community pubs are better able to plan for a financially sustainable future**

The design of the MTAP model has encouraged community groups to think about sustainability from the beginning. During MTAP, groups have to raise money through other means given that the blended loan and grant of £100,000 is not sufficient to buy and/or renovate the pub. This means that from the very beginning, **community groups are required to think about ways they can generate income over and above grant funding.**

Advisors support community groups with this through encouragement to plan for the future financial viability of their pub, and through support with producing a realistic and detailed business plan based on the advisor's knowledge and experience of the sector. A key component of this is the advice and support from advisors to pursue community shares. Community shares enable financial sustainability as they either reduce or remove the amount of funds that would otherwise originate from loans. This means that the burden of liability is reduced, which ultimately enables pubs to be more financially sustainable. It is important to note that there have been very few cases of community shareholders looking to get their funds back, however with the support of advisors, community pubs have reported having effective share offer policies that enable them to manage this.

### **Community pubs are encouraged to consider their community benefit as part of their long-term plans**

A core requirement of the programme is that community pubs have a wider social or charitable purpose, trade for the benefit of the public and address local needs through the services they provide. Developing a well-thought-through range of activities and services not only provides a benefit to the community, but also helps **maintain community engagement** in the longer term and **consequently leads to more custom and higher income generation** for the business.

Community engagement is a key area that community groups focus on with their advisor in their development and planning stage. This supports the long-term sustainability of community pubs as it enables the community to feel like the pub is theirs and therefore feel invested in its survival.

**“Personally, [I] definitely use it more because it is community-owned. If it was privately owned, I would go to other places. I feel like you should come here because if you don't you would lose it.”**

#### **Volunteer**

Community share offers and volunteering opportunities are two methods that community pubs use to drive engagement. By raising community finance and engaging local people in the decision making, management and ownership of the pub, community-owned pubs generate customer loyalty which can lead to greater financial sustainability than might have been achieved otherwise.

**“Having volunteers encouraged [the community] into the pub. People like to see volunteers and support volunteers to just maintain the community spirit. People want to come along and share [in] the functions and events we put on. Everything is there really; we have just got to harness it.”**

#### **MTAP Grantee**



### **Community pubs are better able to find a suitable management model**

A key decision that can play a role in the long-term sustainability of a community pub is the management model (tenanted or managed). This is because it can impact several factors like customer satisfaction, cohesion between the key stakeholders in the pub and ultimately, the financial viability of the pub.

MTAP has enabled the long-term sustainability of many community pubs through supporting community groups to make that decision. This support was provided by putting community groups in touch with relevant sector stakeholders as well as through business development advice.

**“Plunkett put us in touch with someone from the British Institute of Inn Keepers, who gave us great advice - we didn’t know anything about running a pub. They told us what we needed to do before having a tenant.”**

#### **MTAP Grantee**

The support enabled community groups to explore their options and make informed decisions, and **three-quarters of surveyed community pubs were found to be either satisfied, or very satisfied**, with the choice of managed or tenanted model they had made.<sup>37</sup>

**“[Our] consultant helped [us] work through various business models – without it being run by a volunteer group...They gave us the options and we took the final decision. It was very helpful. Answered all of our questions fully and helped us come to an informed decision.”**

#### **MTAP Grantee**

For community pubs that decided to have a volunteering offer, MTAP supported community pubs to formalize the offer. This included advising to have a volunteer coordinator and a volunteer guide.

**“I did use their advice recently in relation to the recruitment of volunteers. The advice was good. .... [We had] lots of volunteers when refurbishing, the whole village was in there. After it opened, they fell away which apparently is what happens. We needed something to help us convince people to come back as volunteers. We were able to develop a guide which we launched a few years ago, and [I] volunteer to coordinate anyone who wants to help. We set up with proper health and safety [procedures as well].”**

#### **MTAP Grantee**

<sup>37</sup> Results from the Power to Change grantee survey March 2021, based on 35 responses

Given the above, the following **elements of the MTAP programme** tend to lead to **longer-term sustainability** for community-owned pubs.

Figure 5 elements of MTAP that lead to longer-term sustainability for community-owned pubs



### Loan and Grant

Encourages blended funding

Enables community ownership of assets



### Peer support

Builds network of community pubs to draw on for support

Showcases success stories



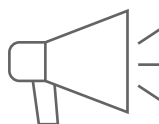
### Advisor support

Encourages future planning

Supports with social impact, diversification of trade and service provision.

Empowers community groups

Supports with community ownership and engagement



### Media campaigns

Raises the public profiles of community pubs locally, and nationally

A minority of community businesses have reported that the loan offered as part of the MTAP loan and grant package is too expensive and the repayment term is too short, which can make it difficult to achieve financial sustainability in the long term.

**“An attraction of MTAP is the £100,000 loan and grant.... But I don’t think it’s always an attractive option for people. The loan aspect is pretty expensive and short term, with an interest rate of 7-8% being a big cost to carry.”**

**Advisor**

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## Conclusions and recommendations

### What have we learnt from the MTAP programme?

The previous chapter highlights the impact of MTAP on the community pub sector. Here, we explore what has been learnt from delivering this programme and explore whether appropriate and sufficient support has been in place for community pubs to be successful.

#### Unique and essential support offer

The MTAP programme **offers unique, vital support to the community pub sector**. It is often thought of as one of the only options for community groups in terms of advice and financial support in their journey towards community ownership. Having an England-wide programme formally offering this kind of support has been described as vital; particularly the consultancy/advisory support element. The fact that the programme is partly government-funded provides validation to community groups and other stakeholders, such as local authorities, social investors, the community, and the wider hospitality sector. The fact that a large grant maker such as Power to Change is willing to invest in growing the sector also gives community pubs a sense of value and legitimacy.

#### Increased community pub ownership

The MTAP programme has informed, empowered, and enabled communities to take on the ownership of local pubs, directly leading to a substantial increase in the number of community-owned pubs in England. Prior to the introduction of the MTAP in March 2016, the community pub sector in the UK consisted of 66 pubs in 2015<sup>38</sup>, 58 of which were based in England.<sup>39</sup> In 2021, there are 137 known community pubs trading across the UK, 122 of which are based in England.<sup>40</sup> Most notably, MTAP has supported 63 pubs into community control.<sup>41</sup> This suggests that just over 50 per cent of the estimated total number of community-owned pubs in England have been supported through the programme.

**“By definition the programme has supported groups looking to buy their pub and has let them understand what they can do.”**

**Advisor**

<sup>38</sup> Plunkett Foundation (2020), Co-operative pubs: A better form of business, [https://plunkett.co.uk/wp-content/uploads/Plunkett\\_BB-2020\\_Pubs\\_final.pdf](https://plunkett.co.uk/wp-content/uploads/Plunkett_BB-2020_Pubs_final.pdf)

<sup>39</sup> Power to Change, MTAP Briefing Information revised, May 2021

<sup>40</sup> Power to Change, MTAP Briefing Information revised, May 2021

<sup>41</sup> Power to Change, MTAP Briefing Information revised, May 2021

However, the support provided on MTAP has not been appropriate for all community groups aiming to move towards community pub ownership. Particularly for groups in urban areas and more deprived communities, the programme has rarely been able to help them overcome structural barriers to community pub ownership such as unrealistically high purchase prices, limited community wealth, and a lack of professional skills and experience in the community, which limits groups' ability to successfully navigate the complex processes involved in acquiring a community-owned pub. For the programme to address these structural barriers to more diverse pub ownership, it would need to be designed differently, with significant changes to its current form. We explore what this might look like in the next section of this report.

Nonetheless, the programme has been able to support groups in urban or more deprived communities to take on community control of their local pub, if not full ownership. This has the potential to be a stepping-stone on the path to the longer-term objective of community ownership, if suitable financing options are available to support groups to take this next step.

#### **Has appropriate and sufficient support enabled success?**

- MTAP has provided vital, unique support to the community pub sector
- It provides validation to community pubs and other stakeholders, that there is value in community-owned pubs because a large grant maker such as Power to Change is willing to invest in growing the sector
- It has enabled communities to undertake community ownership of assets and led to a large increase in the number of community-owned pubs in England, however it has struggled to support groups in urban areas and IMD 1-3 areas to achieve this goal

**The peer element of MTAP** (social media groups, opportunities to visit community pubs and study visits) is an essential part of the programme. It has inspired communities and enabled and encouraged a well-networked sector of community pubs that support each other.

MTAP has also **increased the profile of community pub ownership with different stakeholders** that community groups directly, and indirectly, interact with during their journey. MTAP advisors have supported groups to raise the profile of community-owned pubs in **their local community** by supporting groups at community meetings and providing advice on how to promote their campaign in local media.

Over and above their local community, community groups also interact with different stakeholders throughout their journey to community ownership, such as loan providers, banks, and Local Authorities. Some MTAP advisors educate and facilitate the relationship between community-owned pubs or community benefit societies with high street banks who may not have come across community businesses before.

The MTAP programme has also worked to increase awareness of community-owned pubs more widely, with the **general public and the Government**. There are several examples of where MTAP community-owned pubs have been mentioned in national and local press which increases awareness about community ownership with the general public.<sup>42</sup> Over and above this, Power to Change and Plunkett have lobbied Government on the value of community-owned assets, which has come to fruition with the launch of the Community Ownership Fund by the UK Government in March 2021.<sup>43</sup>

#### **Has appropriate and sufficient support enabled success?**

- MTAP has led to a greater awareness of community pub ownership within communities across England
- It has increased the profile of community pub ownership with different stakeholders that community groups directly, and indirectly, interact with during their journey
- Through media campaigns, MTAP has increased the awareness of community-owned pubs with the general public and the Government
- However, it takes time to build a community pub market, and there are still stakeholders that are unaware of the benefits of the community ownership model.

<sup>42</sup> For example: Telegraph article about community pub offering mental-health support to its locals: <https://www.telegraph.co.uk/food-and-drink/features/community-pub-offering-mental-health-support-locals/>, "Saving Britain's Pubs" BBC documentary <https://www.bbc.co.uk/mediacentre/proginfo/2020/46/saving-britains-pubs#:~:text=The%20Black%20Bull%20in%20Stirlingshire,almost%20entirely%20staffed%20by%20volunteers>

<sup>43</sup> Ministry of Housing, Communities and Local Government (2021), Policy paper: Community Ownership Fund, <https://www.gov.uk/government/publications/community-ownership-fund/community-ownership-fund#:~:text=The%20UK%20government%20has%20launched,amenities%20most%20important%20to%20them>

## **Sustainability of community-owned pubs**

The **design of the MTAP model has encouraged community groups to think about sustainability from the beginning**, by creating business plans that allow pubs to avoid becoming reliant on grant funding. In the design, groups have to raise money through other means given that the blended loan and grant of £100,000 is not sufficient to buy and/or renovate the pub. This means that from the very beginning, community groups are required to think about ways they can generate income over and above grant funding.

Through support provided by MTAP advisors, MTAP has encouraged **community groups to consider and plan for their community benefit**. This has led to: increased diversification of income (further developing the sustainability of community pubs); has promoted local partnership working (such as with a local brewery or food supplier); and enabled community pubs to provide additional access to services (for example access to IT or specific health services).

However, we are still yet to fully understand the longer-term **sustainability of the community pub sector**. The process of purchasing a pub is lengthy and complex, and as such there are a limited number of examples of open and trading community pubs that we can draw on to understand longer-term sustainability. As such, we are still waiting to see the full effects of MTAP on the sustainability of the community pub sector in the longer-term.

### **Has appropriate and sufficient support enabled success?**

- The design of MTAP has encouraged community groups to consider longer-term sustainability from the beginning
- However, we are still yet to fully understand the longer-term sustainability of the community pub sector
- The process of purchasing a pub is lengthy and complex, and as such there are a limited number of examples of open and trading community pubs that we can draw on to understand longer-term sustainability

## **Influence of external factors on the community-owned pubs market**

We have learnt that although the MTAP programme has had an impact on the community-owned pubs market, much of that impact is dependent on external factors. In the second round of MTAP, advisors have noticed a shift in who communities are purchasing their pubs from, with a higher proportion of groups buying from developers rather than pub companies. This can pose additional challenges for some community groups.

**“... more people are buying from developers rather than Pub Companies. [In the] first round – more pubs [were] put up for sale by Pub Companies (which were more straightforward purchases). [In the] second round – the ‘easy’ pubs have been bought.”**

#### **Advisor**

Twelve MTAP grantees surveyed as part of the Power to Change grantee survey strongly agreed or agreed with the statement “*Government policies and/or legislation are prohibitive*”, whilst 13 strongly agreed or agreed that “*Accessing appropriate finance is difficult*”. This suggests that there is only so much that a time- and fund-limited programme such as MTAP can do, without the wider systems to support its progress.

In addition, COVID-19 has highlighted the vulnerability of the hospitality sector, including pubs, to economic shocks and the support required to survive.

#### **Has appropriate and sufficient support enabled success?**

- The success of the community pub sector depends on external factors that are outside of the control of the programme
- The sector requires more supportive government policies and legislation to continue to be successful in the future

#### **What does this mean for the future of the community pub sector?**

The MTAP programme is due to come to an end in early 2021. Whilst 94% of community pubs agreed or strongly agreed that they felt part of the community pubs sector<sup>44</sup>, for the sector to continue to thrive moving forwards, this evaluation has highlighted some important considerations for the partners involved in the programme, and for those impacted more widely.

Firstly, it is important **not to lose what has been gained through the MTAP programme**. This includes strong **partnership working** between Plunkett Foundation, Power to Change, loan providers, the steering group, and other stakeholders.

Over and above these high-level relationships, Plunkett advisors have developed their own network and collectively have a lot of knowledge on the sector. It is important that this knowledge is not lost and can continue to be shared.

<sup>44</sup> Results from the Power to Change grantee survey March 2021, based on 35 responses

**“...one legacy that should be preserved is the network of advisors who collectively have a tremendous amount to offer and that knowledge needs to be retained/shared in some way.”**

#### **Advisor**

It is not solely about maintaining these relationships but using them to work towards a **common goal or strategy** for the community pub sector. This points towards the need for a membership or infrastructure body for the community pubs sector, to continue to advocate for the sector, hold collective expertise and provide ongoing support.

One way of achieving this goal could be the **development of a new dedicated programme of support** for the community pub sector, designed to take into account what has been learnt through MTAP. MTAP grantees highlighted that they would find expert advice (85%), peer support (71%), resources (71%), and political lobbying (68%) the most helpful forms of support in the future.<sup>45</sup>

Plunkett Foundation continued to offer advisory services to community groups until September 2021, whilst in the longer term they are seeking potential new investors for a pubs advisory service, or a replacement full programme of work. They are committed to ensuring the current network remain supported, connected and that the UK reach is enhanced.<sup>46</sup>

They have also launched regional networking groups under MTAP2, which will be administrated by the Plunkett Membership team.

An important consideration for the future is how to support community groups in urban areas and more deprived communities to take pubs into community ownership, and overcome some of the structural barriers they face. These types of groups need additional and specific longer-term support that reflects their particular circumstances. Factors to consider for this support include:

- **Providing additional financial support** to communities with less wealth, who are otherwise unable to bridge the funding gap given high purchase prices and/or refurbishment costs.
- **Considering different ways to support steering groups’ capacity and skill sets**, including: allowing more time for IMD 1-3 areas to develop their steering group’s skills, providing consultant / advisor support to fill in skills gaps, involving locally based partners that can support with capacity building (for example, a local community anchor organisation).

<sup>45</sup> Percentage that stated “fairly helpful” or “very helpful” to the question “How helpful would you find any of the following types of support?”. Results from the Power to Change grantee survey March 2021

<sup>46</sup> More than a Pub Steering Group meeting March 2021



- **Adapting the definitions of ‘pub’ and ‘community’:** using a looser definition of a ‘pub’ by allowing buildings that previously were not pubs to be developed into community pub spaces; and creating a more adaptable definition of ‘community’ by allowing specific communities to develop a pub to cater for their needs, for example the LGBTQ community, or music-based communities.
- **Being proactive at finding community pub ownership opportunities:** looking for examples of assets that could be turned into community-owned pubs and actively seeking members of the community that might be interested in being part of the steering group, or partnering with housing associations or local authorities to redevelop estate-based pubs.

Any support provided will need to be considered in light of the **£150 million Community Ownership Fund**, launched by the UK government in the Spring Budget 2021. Its aim is to help ensure that communities across England, Scotland, Wales, and Northern Ireland can support and continue benefiting from the local facilities, community assets and amenities most important to them. From summer 2021 community groups will be able to bid for up to £250,000 matched-funding to help them buy or take over local community assets at risk of being lost, to run as community-owned businesses.<sup>47</sup>

As stated in the guidance, it is expected that pubs will be eligible for the fund. It is therefore important to consider the impact of the Community Ownership Fund on the ability for community groups to purchase their pubs, the additional support required for community groups, and any additional lobbying and advocacy required by MTAP partners to support the sector in the future. For example, the Community Ownership Fund may be able to address the issue of some groups not being able to afford to purchase the property with the assistance of a loan and grant worth £100,000, however, on the flipside it may lead to higher prices for community assets given vendors will know the community can raise at least £250,000 through the fund.

The future of the community pubs sector is also influenced by the **wider policy landscape**. There may be a number of factors that could threaten the sustainability of the community pub sector. The role of developers and the lack of legislation to help community groups challenge developers will continue to be a threat to the community pub sector. This is particularly the case in areas where pubs are seen as a potential development opportunity. In addition, there is concern that the ability to place ACVs in early stages of development could easily be removed in a policy shift, which would make it more difficult to place pubs into community ownership.

<sup>47</sup> Community ownership fund (Community Ownership Fund, gov policy paper, published 03/03/21  
Community Ownership Fund - [GOV.UK \(www.gov.uk\)](https://www.gov.uk)

In contrast, the shift in social habits and landscape within pub culture could help the longer-term sustainability of the sector, particularly given this shift has been exacerbated by the COVID-19 pandemic. Traditionally, pub culture has sometimes been seen as a “working men’s club”, but this has changed with the onset of pubs moving towards diversified income streams such as music and food and attempts to appeal to a more diverse customer base. More recently, the COVID-19 pandemic has highlighted the social value of pubs, and capitalising on this could help the longer-term sustainability of the community pub sector. Plunkett Foundation are already thinking about how it can influence the external environment to support community-owned pubs through campaigning, lobbying and advocacy.<sup>4849</sup>



<sup>48</sup> More than a Pub Steering Group meeting March 2021

<sup>49</sup> This includes: Community-owned pubs campaign to raise the collective profile of the sector; utilising the Plunkett support membership to support active advocacy work for community-owned pubs; increasing advocacy and representation of community-owned pubs; submissions made to the Treasury in relation to the budget; and further calls for legislative and regulatory change to support pubs UK-wide. These changes include a consistent set of Community Rights across the UK that protects local assets and offers communities a genuine “Right to Buy” the facility for local benefit; local Authorities to be given greater support and insurance cover to bring assets into community purchase using Compulsory Purchase powers; greater utilisation of Public Works Loan funding, with Parish Councils having an ability to on-lend monies and banking sector education to streamline access to banking services.

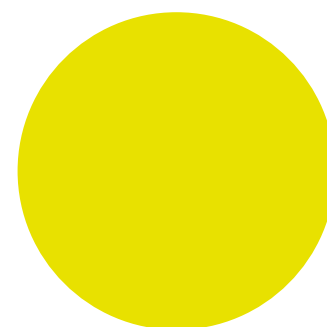
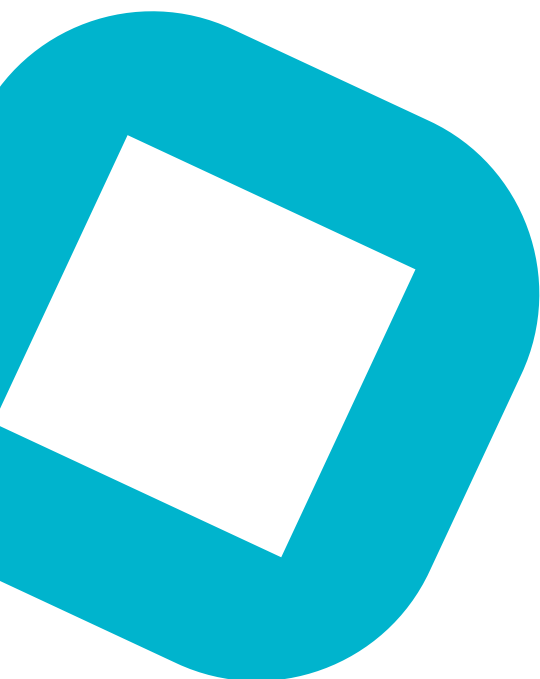
## Appendix

Power to Change's hypotheses and how they were tested in the evaluation

|                                     |                      | How does this hypothesis apply to MTAP2?  | How will this be measured in the evaluation?   |
|-------------------------------------|----------------------|---|--|
| Community Business level hypotheses | H1:<br>Knowledge     | If the majority of staff and customers are from the local area, then we will observe higher levels of customer satisfaction for CBs than for other providers. This change occurs because of an improved understanding by the CB of what their local community wants in their Pub. | We will test this in the evaluation by undertaking qualitative research with local staff, volunteers, and customers, to assess the extent to which customer satisfaction has improved since the pub has become Community-owned. We will also focus on particular groups that may be more satisfied with Community-owned pubs than other similar pubs in the area where they may not feel so welcome / able to go on their own.   |
|                                     | H2:<br>Employability | If there is an increase in the number of local people employed at the Pubs, then we will observe and increase in local employment.  | We can collect data on the amount of local staff employed by Pubs under MTAP, however, we do not have information on the employment by the pubs prior to MTAP, and therefore it may be more difficult to test this hypothesis. We will, however, look into skills development for people who are not directly employed, in particular if the pubs offer opportunities like training, skilled volunteering, etc for people who would otherwise struggle to access the labour market |
|                                     | H3:<br>Volunteers    | If pubs provide formal or informal volunteering opportunities, then we will observe volunteers report personal development and social benefits. This change occurs because voluntary opportunities provide activities and development of skills.                                  | We will test this in the evaluation by undertaking qualitative research with volunteers on the skills and social benefits gained from volunteering at the pubs. We will explore with volunteers the extent to which these can be attributed to the pub.  |

|                                     |                       | How does this hypothesis apply to MTAP2?   | How will this be measured in the evaluation?  |
|-------------------------------------|-----------------------|--|---|
| Community Business level hypotheses | H4:<br>Social Capital | If pubs engage local people as community shareholders (or other membership models), we will observe increased involvement in local decision making and indications of improved levels of social capital. This change occurs because of better access to information and improved skills. | We will test this in the evaluation by undertaking data analysis on the number of shareholders for each pub, and the extent to which these are local shareholders. However, it will be difficult to undertake a rigorous analysis of this data based on the quality of data provided by grantees. We will test the impact of this through qualitative research with the pubs to understand the extent to which this has led to increased involvement in local decision making and social capital. |
|                                     | H5:<br>Sustainability | If pubs engage local people as members and offer shares, they will observe higher survival rates than other SMEs.  | We will test this with pubs that have been open and trading for a while (and therefore were on MTAP1), to see the extent to which they are financially sustainable, and whether the people running the pub think that their increased financial sustainability is due to the fact they know the local market, use volunteers and/or have local members.   |
| Sector-level hypotheses             | H6:<br>Infrastructure | N/A for MTAP2.   | We will not be testing this hypothesis as part of the evaluation, because we are not looking at the external business development support that pubs may have received.  |
|                                     | H7:<br>Assets         | If a pub has been transferred to a Community Business, then we will observe an increase in net turnover of the pub because the pub now has a physical base for operations.   | This is not applicable to the MTAP2 evaluation, as the Community Businesses do not exist before getting the asset of the Pub. Therefore, cannot compare turnover before and after.  |

|                        |                   | How does this hypothesis apply to MTAP2? | How will this be measured in the evaluation?  |
|------------------------|-------------------|--|---|
| Place-level hypotheses | H9: Collaboration | N/A for MTAP2                            | We will not be testing this hypothesis as part of the evaluation, because although there is a lot of collaboration that happens in the process of opening a Pub (e.g. local tradespeople offering to do work for free), most pubs in the programme are very early stage, so it is not that meaningful to talk about collaboration just yet. |



## What have we learnt about how MTAP has moved towards realising Power to Change’s hypotheses?

Power to Change’s hypotheses explore how community businesses might transform their local areas and how Power to Change might help them to do so.<sup>50</sup> The table below explores the extent to which MTAP2 has realised these hypotheses.

| Hypothesis                          |               | Evidence to support this hypothesis  |  |
|-------------------------------------|---------------|--|--|
| Community Business level hypotheses | H1: Knowledge | Community businesses have high levels of customer/service-user satisfaction because they understand what people want. This is because the majority of their staff, volunteers and/or customers/users are from the local area. As a result, they offer better products and services than alternative providers. | <ul style="list-style-type: none"> <li>Community groups supported by MTAP consult with their community, to more fully understand what their local community wants in their pub.</li> <li>A high proportion of community pubs solely employ staff and volunteers from the local area, as well as serving customers and service users from the local community:</li> <li>Ninety per cent of community pubs surveyed use only regular volunteers from the local community.<sup>51</sup></li> <li>Over 50% of community pubs have employed all their full-time staff from the local community<sup>52</sup>, whilst three quarters of community pubs employed all of their part-time staff from the local community.<sup>53</sup></li> <li>On average, 73% of customers and service users are from the local community.<sup>54</sup></li> </ul> |

<sup>50</sup> Power to Change (2020) Community business: The power on your doorstep, p. 109

<sup>51</sup> Power to change grantee survey administered in early 2021. 30 responses.

<sup>52</sup> Based on 25 responses

<sup>53</sup> Based on 25 responses

<sup>54</sup> Based on 28 responses

| Hypothesis                          |                       | Evidence to support this hypothesis   |   |
|-------------------------------------|-----------------------|---|---|
| Community Business level hypotheses | H2:<br>Employability  | Community businesses improve skills development amongst local people by creating jobs and providing development opportunities for those who would otherwise not actively participate in the local labour market.  | <ul style="list-style-type: none"> <li>• A high proportion of community pubs hire local staff and volunteers in full-time, part-time, and regular volunteering roles.</li> <li>• The local community pub is often the first place of employment for local young people.<sup>55</sup></li> </ul>   |
|                                     | H3:<br>Volunteers     | Community businesses use local volunteers to deliver their products and services. They do this by providing formal and informal volunteering opportunities. This also helps them keep their costs down. Volunteers will also report personal development and social benefits. | <ul style="list-style-type: none"> <li>• Pubs provide the opportunity for development for local people, such as developing particular skills through volunteering or providing access to services which could be barriers for employment e.g. mental health support.</li> </ul>   |
|                                     | H4:<br>Social Capital | Community businesses increase bridging social capital by engaging members and/or shareholders in local decision-making through the development of skills and access to information.   | <ul style="list-style-type: none"> <li>• Built into the model of the community-owned pub supported by MTAP is the requirement to be community-owned.</li> <li>• Pubs engage local people as community shareholders, who, in most cases have a model of one member one vote.</li> <li>• This democratisation of decision making through membership increases social capital, as the local community has better access to information about their community pub.</li> </ul> |

<sup>55</sup> “[We] have 15/16 employees, [and we] employ a lot of children from the village who are only allowed to do a couple hours. It gives young people in the community the opportunity [to] have jobs.” - Pub Manager

| Hypothesis              |                       | Evidence to support this hypothesis  |   |
|-------------------------|-----------------------|--|---|
|                         | H5:<br>Sustainability | Community businesses are less likely to close if they understand what local people want (H1), use local volunteers to deliver their products and services (H3) and engage local people as members and/or shareholders (H4).      | <ul style="list-style-type: none"> <li>By demonstrating that they can raise community finance and engage local people in the decision making, management and ownership of the pub, community-owned pubs create greater sustainability.</li> </ul> |
| Sector-level hypotheses | H6:<br>Infrastructure | The provision of third-party business development support increases the productivity and resilience of community businesses.   | N/A for MTAP2. <sup>56</sup>  |
|                         | H7:<br>Assets         | The transfer of local physical assets from public and other bodies stimulates community business growth. This is because they contribute to financial resilience, provide a physical base for operations, and generate goodwill. | <ul style="list-style-type: none"> <li>MTAP2 has successfully supported 61 pubs into community ownership. This creates the opportunity to develop a sustainable community business</li> </ul>   |
| Place-level hypotheses  | H9:<br>Collaboration  | Community businesses collaborate with others, accessing more resources (i.e. skills and money). This enables them to offer more services, products, and activities, benefiting their community.                                  | N/A for MTAP2 <sup>57</sup>   |

<sup>56</sup> See appendix for table of hypotheses and their relevance to the MTAP evaluation

<sup>57</sup> Ibid



## Distinctive characteristics of community pubs

Compared to other types of community businesses, such as those funded through the Community Business Fund (CBF), community pubs supported through MTAP have some distinctive characteristics which means they may be more likely to achieve some of Power to Change's hypotheses.

### **Community consultation from inception leads to greater local knowledge (H1)**

Community pubs opened through the MTAP programme begin their journey as a community group, trying to take over a pub that is at risk or being closed down, or already closed down. To buy the pub, they go through a process of community consultation – to understand the wants and needs of the community with regards to the pub, and to raise community shares to be able to buy the pub.

This journey is not taken by all types of community businesses. For example, some may not have been “community led” or “community-owned” from inception, which means they may not have benefitted from the same degree of community consultation as community groups taking over their local pub. This means that by the time the pub is open, the community group is likely to have in-depth knowledge (H1) of their communities' wants and needs, which may be stronger than some community businesses that have not undertaken a similar level of consultation.

### **Community pubs increase bridging social capital (H4) by engaging local people as community shareholders**

Community groups supported through MTAP are encouraged to demonstrate that they can raise capital through community finance through a community shareholder model. This is different to other community businesses, who may be accountable to the community in other less formally structured ways, such as through developing relationships and communication tools.<sup>58</sup>

The community shares model impacts on social capital, over and above community businesses that do not use this model. This is because, irrespective of whether the pub is tenanted or managed, the pub remains governed by local people and community shareholders will always have some say in how the pub is run.

**“I think the main benefit really is that it is owned by the community. [It is] owned by shareholders, not the committee. [We] stress that all the time. .... It is a benefit because people won it, they have a say in it.”**

**Committee member**

<sup>58</sup> Power to Change (2017), Community accountability in community businesses, Research Institute Report No. 10, p.3

### **Community pubs benefit from local volunteers which enables sustainability (H5)**

Community pubs rely on local volunteers from the start, firstly in the requirement for a local community group to form and go through the process of acquiring the pub, and usually also in the need for local people to help with refurbishment and re-opening. Many community pubs continue to rely on volunteers to support with running the business and/or deliver services to the local community from the pub. This heavy reliance on volunteers from the early stages of development onwards is not universally experienced by other types of community businesses.

In addition to this, few grants are available to the community pub sector, which means that community pubs need to be commercially minded and focused on generating income from trading to ensure sustainability as soon as they begin operations.





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