



# The George and Dragon



Location	Hudswell, Yorkshire
Founded	2010 (when the pub re-opened after closure)
Legal structure	Industrial and provident society (Hudswell Community Pub Ltd.)
Description of services	A community pub, shop, allotment, orchard and apiary
Key assets	The building
Employees	One full-time, seven part-time
Volunteers	25
Most important skill set(s) to successfully running the business	People skills
Biggest obstacle to success	Some skepticism from a few community members
Relationships	<ul style="list-style-type: none"> <li>– Local authority</li> <li>– A sector body</li> </ul>
Notes	<ul style="list-style-type: none"> <li>– The tenant model allows the business to bring in an individual who has expertise in the hospitality industry, rather than attempt to run it through volunteers with limited experience</li> <li>– During the early stages of the project, two key individuals provided the initial vision and driving force behind the pub. They then got more people involved</li> <li>– Ring the initial stages the business received a lot of support from third-party agencies, including the local council, and pro bono help from professionals such as lawyers</li> </ul>



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This case study report provides an overview of the George and Dragon a community pub with a shop, allotment, orchard and apiary and describes the factors that are perceived to underpin its success. The findings are drawn from research commissioned by Power to Change and carried out by NatCen Social Research and WPI Economics. More information about the study and additional research reports can be found on the Power to Change website.

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## Overview of The George and Dragon

In August 2008 The George and Dragon pub in the village of Hudswell in the Yorkshire Dales closed and did not look like it was going to re-open. A group of villagers decided to canvass local interest in keeping it as a local pub, rather than allowing it to be bought by a developer. As a result Hudswell Community Pub Ltd (HCP) was set up as an industrial and provident society, and subsequently bought the pub and adjoining land.

The George and Dragon re-opened in 2010 and is leased to a tenant who is responsible for running the pub. The pub employs one full-time member of staff and seven part-time staff. HCP also has a team of volunteers who run a shop from the pub, which is the only shop in the village. The HCP also has allotments on some of its land, which are made available to members of the community, and an orchard and apiary which are run by HCP volunteers. Some produce from these is also sold in HCP's shop.

HCP is run by a board which meets six to eight times a year. Members of the board also have quarterly meetings with the tenant. The HCP is made up of roughly 200 members who own shares in the business, 40% of whom are Hudswell residents. Members receive interest on their investment on an annual basis.

## Success factors for the George and Dragon

This section summarises the key factors that are perceived to have influenced the success of the HCP in running The George and Dragon, based on interviews with those involved in contributing to or using the community pub. Success factors are grouped according to whether they relate to the business, people involved or the wider community and external environment.

## Business

There are five key business-related factors that have contributed to the success of HCP.

### Ability to convince others that their plan was viable

Initially HCP faced scepticism from the local community about whether it was possible to run a community-owned pub. The pub's then owners were unwilling to take the organisation's intention to buy it seriously at first. In order to overcome this problem HCP produced a business plan that set out how the organisation would operate financially and listed the challenges as well as the strengths of their approach. This helped to convince the then owners of the pub, and the wider community to take them seriously.

### A tenant ownership model brings experience and expertise to the business

An ownership structure that involved the pub being rented out to a tenant is seen as a key factor in HCP's success for a number of reasons.

- The Tenant model allows HCP to bring in an individual who has expertise in hospitality to run The George and Dragon, rather than attempting to run it through volunteers with limited experience in this area. This means the day-to-day running of The George and Dragon is not the direct responsibility of HCP, and the business risk is the tenant's responsibility. HCP board members have quarterly meetings with the tenant to discuss operational performance and support the tenant with any issues. The board also provides *ad hoc* support, for instance when organising the annual beer festival.

– This model is mutually beneficial for the tenant and HCP. HCP has been able to charge a reasonable rent to their tenant but one that is lower than the rates charged by corporate pub companies. This allows the tenant a good standard of living while providing them with an incentive to increase profits. The rent was also high enough to allow HCP to provide a good rate of interest to its members and to build its reserves year-on-year in case of unexpected costs such as maintenance of the premises.

#### A flexible business plan and safeguarding against financial risks

Board members of HCP take a flexible approach to the business plan and make changes when necessary. In one instance it lowered the rent for a tenant to help them during a difficult time, as this did not endanger the financial stability of the business. In another it took on the costs of refurbishments that a new tenant felt was necessary to improve the pub.

The board has also built safeguards into the business model. Ideally HCP would pay a good rate of interest to its members, and would buy members shares back if they wished to leave the HCP. However, HCP sets the rate of interest paid, and can refuse to buy members out if doing so would endanger the business.

#### Effective tenant business plans

Another key factor in HCP's success has been hiring tenants who have comprehensive business plans that set out clear plans on how they intend to make a profit. Both tenants who have run The George and Dragon since re-opening have made a profit. The current tenant has used a range of strategies to ensure the pub provides a good quality service; has a unique offering compared to other pubs in the area; and has a strong profile outside the local community. Given the size of the village, the ability to attract customers from outside the village is crucial to the success of The George and Dragon.

#### Access to donations, grant funding and loans

HCP was able to buy and re-furbish The George and Dragon without taking out any loans. In the first year of operation HCP received grant funding to help with refurbishments, but none of its annual income now comes from this source. The business took a proactive role in negotiation with funders, persuading an organisation that offered them a loan to instead buy shares, which they were later able to buy back. This strategy allowed HCP to avoid getting into debt, which was a key reason the pub had not been profitable previously.

#### People

##### Role of elected board, staff and volunteers

During the early stages of HCP two key individuals provided the initial vision and driving force behind the project. These individuals got a small group of key people involved early on who helped lead the project. While leadership is still important, as the business has developed it has created its own momentum and the success of HCP no longer rests on the drive of key individuals.

The board has successfully split the different roles and responsibilities required to manage HCP between the different members, allowing work to be done effectively while the members still maintain a willingness to help each other when jobs need to get done.

The different skill sets of the board members also contributed to the success of HCP. These skills included knowledge of: book keeping; community regeneration; third party agencies; and local authorities. The range of expertise was particularly useful in helping HCP to access the resources it needed when it began. For instance, the third party agencies that helped HCP write a business plan, which it reviews and updates once every 18-24 months. At the present time, HCP sees the most important skill sets to the successful running of the business as people skills, financial management skills and human resources management.

HCP once considered adding bed and breakfast accommodation to The George and Dragon, but chose not to because a feasibility study commissioned by HCP indicated that additional income generated would not be sufficient to justify the investment required to develop it.

## Community and external environment

### Support of the local community

When the idea of owning the pub was first suggested the community united around the cause, with local people willing to become directly involved in the project. This was particularly important when HCP was buying the pub. Members of the local community along with interested people from further afield pledged to become shareholders. When an offer was made on the pub, shareholders kept to their pledged commitments enabling the purchase to go ahead.

The support of the local community continues to contribute to the success of HCP. It has never been difficult replacing members of HCP when current shareholders want to leave. The pub has become a focal point of the community.

### Press attention and support from the wider community

The concept of a community pub was received well among the wider community and even nationally. This helped HCP attract shareholders, 60% of whom come from outside of the village of Hudswell. It also attracts people to the pub itself, which is known for its community ownership.

HCP received a lot of positive media attention for being a community business, particularly when attempting to buy The George and Dragon. This helped HCP to convince the owners to sell the pub to them, and also attracted shareholders and customers.

### Specialist advice and political support

Particularly at the initial stages, when HCP were looking to raise funds to buy the pub, the business received a lot of support from third party agencies, including the local council, along with pro bono help; and from professionals such as lawyers. This helped it to develop a business model and raise the funds necessary.

### Demand for products and services

As would be perhaps obvious, HCP sees the community it serves as the biggest factor affecting demand for its products and services. But, as the village in which the pub sits is populated by only 200 people, the wider community of nearby towns and villages is important, as is the tourist trade. HCP also lists the general performance of the economy and competition from other businesses providing the same product or service as factors affecting demand.

## Financial information

The following table provides an overview of Hudswell Community Pub's income, expenditure and assets for the period 01/02/2015 to 31/01/2016.

<b>Income</b>	<b>£44,790</b>
<b>Expenditure*</b>	<b>£29,025</b>
<b>Difference between income and expenditure</b>	<b>£15,765</b>
<b>Surplus/(deficit) on ordinary activities before taxation</b>	<b>£15,974</b>
<b>Annual income from grant or subsidy**</b>	<b>£0</b>
<b>Fixed Assets</b>	<b>£218,434</b>
<b>Current Assets</b>	
Stocks	£1,587
Debtors	£687
Cash at bank and in hand	£60,625
<b>Total</b>	<b>£62,899</b>
<b>Net Assets</b>	<b>£261,054</b>

Source: Hudswell Community Pub Annual Accounts 2016, Mutuals Public Register

\*Composite of cost of sales and administrative expenses.