

# The **co-operative** enterprise hub case study

## Hudswell Community Pub

**In February 2010 a co-operative formed by the people of Hudswell in North Yorkshire bought the local pub which had been closed for 18 months. Other communities are expected to follow this example which is encouraging a new trend in co-operative ownership of local assets.**

About 250 people live in Hudswell, located high about the River Swale and the popular market town of Richmond. There's four farms, a riding stables and a holiday chalet business but most people work outside the village or are retired. There is a village hall but no shop or post office. The closure of the George and Dragon in August 2008 was a blow to the social fabric of the village, as well as the loss of a local business.

"The pub was a casualty of the credit crunch," said Martin Booth, one of the directors of the new co-operative. "The last landlord bought it when property prices were at their highest. When business declined as a result of the recession they couldn't make the mortgage repayments. The co-op won't have that problem because we haven't borrowed any money."

By June 2009 the empty pub remained unsold and so the villagers formed the Hudswell Community Pub Initiative and made an offer to buy it.

"At first the bank that owned the property didn't take our offer seriously," said Martin Booth. "Then in October they accepted it and wanted to complete the sale within a ridiculously short time scale. We had to explain that democratic community ownership doesn't work like that."

The group registered an industrial and provident society, prepared a business plan, issued a prospectus and raised £224,000 in share capital. They received advice and support from a number of different sources, including Co-operative and Mutual Solutions (CMS) appointed by The Co-operative Enterprise Hub.

"The very flexible nature of the support provided by the Hub allowed us to bring it all together and fill in any gaps,"



Co-operative members Chris Hetherington and Annie Sumner taking part in a mass clean-up of the George and Dragon shortly after completion of the sale.

### Community investment

Ventures like Hudswell Community Pub work when communities pool their resources to invest in an enterprise that serves a social or community purpose. It's an old idea that's currently attracting new interest.

In recent years the community investment model has been used to raise capital for fair trade, wind farms, hydro electric generators, village shops, community development funds, telecoms co-operatives and now community-owned pubs.

The Co-operative Enterprise Hub is working with a number of experts in this field and can direct you to the best sources of advice.

said Dave Hollings of CMS. “We advised on the business plan, the share prospectus and on the negotiations with the vendor. We will also be providing training to the board of directors.”

The George and Dragon is now owned by Hudswell Community Pub Ltd, which is democratically owned and controlled by its members. Any person or organisation can become a member by purchasing shares; the minimum investment is £500 and the maximum £20,000. Each member has one vote regardless of the number of shares held. The co-operative’s rules state that at least 40% of the shareholders must live in the parish of Hudswell. On 18 February 2010, when the sale was completed, there were 152 members including 77 from Hudswell.

The co-operative has appointed a tenant to run the business. The tenant is free to make all key business decisions but there are various conditions. The co-operative wants to ensure that the pub is used for community events, celebrations, and cultural and social activities. There are plans to run a small shop from the premises and to develop part of the land as community allotments. There is also planning permission to develop a bed and breakfast annex.

“Community co-operatives are taking over the running of key local services and facilities and making a success of them.”

“We decided that having a tenant was the best option for running the pub,” said Martin Booth. “It wouldn’t work having members arguing about the price of beer.

“The tenant takes the risk, and the co-op gets the rent. We don’t have any loans to repay and the property is worth more than we paid for it. We can’t fail really. We’ve also got our pub back and it’s providing employment for three or four local people.”

With thousands of pubs closing each year, it is very likely that many other communities will follow the example of Hudswell Community Pub. The community investment model has already proved very effective at saving hundreds of village shops.

“I do think this is a very good way of saving the village pub and I’d be very happy for others to learn from us,” said



Villagers pictured outside the empty George and Dragon at the launch of the share prospectus in January 2010.

Martin Booth. “At first it was a challenge to get enough people prepared to invest but after a couple of meetings in the village hall it started to snowball. We got some good media coverage and our website attracted investors from far and wide including eight from overseas.

“We managed to complete the purchase only seven weeks after issuing the prospectus. We reached our target when Key Fund Yorkshire decided to buy £20,000 of shares and rushed the money to us by handing over a cheque at a motorway service station.”

Dave Hollings of CMS also believes there is a big future for community co-operatives. He said: “The example of Hudswell Community Pub shows just what a determined community can do. These community co-operatives aren’t marginal enterprises. They are taking over the running of key local services and facilities and making a success of them.”

## Contact

*Hudswell Community Pub Ltd is an industrial and provident society run for the benefit of the local community. In 2010 it bought the George and Dragon pub and associated land to own and develop on behalf of the village. For more information about Hudswell Community Pub please visit [www.richmond.org/community/hudswellpub](http://www.richmond.org/community/hudswellpub)*

*The Co-operative Enterprise Hub helps to support and develop new and existing co-operative enterprises. Its aim is to grow the co-operative economy, creating strong ethically led businesses with a deep sense of social responsibility. For more information about The Co-operative Enterprise Hub, please visit [www.co-operative.coop/Enterprisehub](http://www.co-operative.coop/Enterprisehub)*