

# Business Plan

2024



**EXELBY GREEN DRAGON  
COMMUNITY PUB LTD**

**Reviving the fortunes of the Green Dragon in  
Exelby as a village and destination pub at the  
heart of the community**



**March 2024  
An update of the June 2018 plan**

**[www.exelbygreendragonpub.co.uk](http://www.exelbygreendragonpub.co.uk)**



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# **Exelby Green Dragon Community Pub Ltd**

**(A Community Benefit Society Registered with the FCA No. 7599)**

## **Business plan for a community pub**

### **Executive summary**

This is an updated Business Plan for the Exelby Green Dragon Community Pub Ltd, (a Community Benefit Society). The pub and adjoining cottage were brought into community ownership in October 2018. Since then, an extensive programme of necessary refurbishments and improvements have been undertaken. The pub is let on a lease and is trading successfully as a village and destination pub. The cottage is let as an affordable unit of housing accommodation.

The Business Plan covers how the Society intends to continue managing these community owned assets on behalf of its shareholders for the benefit of the community.

## 1. Introduction

Exelby is a small village on the edge of the Yorkshire Dales with an enviable sense of community and entrepreneurial spirit to succeed. For most villages, a pub is a vital service: it is a meeting place, communication centre and an important lynchpin of village life. Much of the appeal of our village rests on its sense of community. It is the reason many people have moved to Exelby and remain here. There is also evidence that having a pub positively impacts on house prices. We are reviving the Green Dragon and so continue to enhance Exelby as a lovely place to enjoy.

The Pub and adjoining cottage were brought into community ownership in 2018 with the aim of:

- refurbishing and improving the pub as a fit for purpose venue and refurbishing the cottage as an affordable housing unit,
- the pub being operated independently by a tenant who shares a vision for a successful village and destination pub also serving as a community hub for the village and surrounding area.
- refurbishing the cottage attached to the pub as viable, affordable and comfortable housing.
- restoring a range of social activities in the pub and grounds which rekindle the community needs and spirit of the village and wider area.

The pub has since been extensively refurbished. It trades with tenants – Tom and Becci Baker - who are now into a second 5-year term lease. The rental model gives an incentive to grow the business, serving good quality food, beers, wines and spirits, with high quality bed and breakfast accommodation. The cottage is let as a unit of affordable housing.

The rental incomes provide a reasonable return for investors in the form of interest payments as well as keeping the pub as a flourishing community-owned asset.

This business plan is an update of our original plan, which was cast in June 2018, immediately prior to the community purchase. It sets out our proposals for maintaining a community pub that serves excellent food and drink but, equally importantly, is at the heart of village life and offers a range of other services to the village and those living nearby.

## 2. Local needs

Exelby is a small rural lower Dales community of around 90 households about three miles from Bedale in North Yorkshire.

Prior to community ownership, the Green Dragon had traded very successfully and a considerable fund of goodwill towards the pub remained in the village and in the local catchment area even when the pub was in decline. The Green Dragon had been at the centre of community activity and well used as a village and destination pub. It supported and hosted events such as the Extravaganza, Bonfire Night, Quiz nights, Themed evenings, Pop-up bakery for charity, the Dragons Club and special events on the field, all run with the active support of the landlord. The pub also hosted a small community shop. All of this faded away when the pub was in decline in the 3 to 4 years prior to community purchase.

To develop the original business plan there were community meetings, a community-based questionnaire and a web-based survey to gauge opinions and views. The overwhelming view was that retention of the pub was deemed as 'very important'.

Basically, what is being delivered very much aligns to the feedback received. The pub is a vibrant, well-presented venue with good food and drinks. There is an attractive beer garden which has been extended since ownership and provides an ideal location for annual beer festivals which attract an audience near and far. There is a large restaurant area which also provides facilities for meetings and club activities.

A shop was established initially but this did not gain traction. Whether the offering was not pitched correctly or the proximity to Bedale were factors, is not really known. The two years of on-off trading during the Covid-19 outbreak definitely had an impact. Despite the mixed fortunes of this part of the offering there has never been a real call to try and reestablish it.

A good base of community activities was being established. Unfortunately, the Covid-19 outbreak necessitated closing these down. Since then, activities have become reestablished including:

- Book club
- Book swap facility
- Dragons Club
- Gardening Club
- Folk Club
- Coffee morning
- Village Christmas tree and carols

The Management Committee encourages community-based activities and has established a small grant scheme to pump prime initiatives.

Within walking distance of the pub there is a complex of holiday cottages, other holiday accommodation and caravan sites, which are successful businesses with a regular turnover attracting visitors to the village.

There is no other hospitality or public meeting facility in the village. The nearest village pub venue is in Burneston. Other pubs and food outlets exist in Bedale (2.5 miles away). There is a limited evening food offering from the Bedale pubs. RAF Leeming is a closed supported community. In the wider locality, there are a range of successful village-based pubs offering food and drink. None of these are in direct competition with the Green Dragon and can happily co-exist, as has been the case in the past. The Green Dragon has developed its own distinctiveness both to villagers and in the surrounding travel area – particularly through a quality food and drink offering.

The operations at the pub provide employment and training opportunities:

- Tenant/management
- Kitchen and front of house staff
- Casual positions and waiting staff - introducing young people, and those returning to work into the work environment as well as opportunities that can work around an individual's personal circumstances.

### 3. The trading asset

The trading asset of the pub comprises:

- A main bar area

- An ancillary ground floor room (currently used as an extension to the bar area)
- Restaurant
- Beer garden and outside space
- Commercial kitchen
- Car parking
- Three bed and breakfast rooms

In addition, there is the adjoining cottage let as an affordable housing unit.

#### 4. A vision for the Green Dragon

Our original vision remains valid and is to:

- see the pub operated independently by a tenant who shares a vision for a successful village and destination pub also serving as a community hub for the village and surrounding area.
- continue to let the cottage as an affordable housing unit.
- support elements of village life that a vibrant pub can bring and in turn support the local economy, sustainability and the future of the pub.
- continue with a programme of necessary improvements and repairs that see the pub as a fit for purpose community asset which a tenant can reasonably maintain under a full repairing lease.

#### 5. Ownership model

The Exelby Green Dragon Community Pub Ltd (EGDCP) has been established as a Community Benefit Society which owns the assets of the pub, its grounds, car park and the adjoining cottage. The Society is registered with the Financial Conduct Authority (FCA) as an incorporated body that allows:

- The raising of funds through the sale of withdrawable shares
- Ownership and operation of business entities with limited liability for members
- The operation of business activities for community benefit
- Democratic decision-making
- An asset lock to ensure long-term community protection allowing for the distribution of assets to an entity with similar objectives should the Society be dissolved.
- Access to grant funding and preferential loan finance

#### 6. Business and governance model

EGDCP has shareholders as investors who supported the initial purchase and subsequent improvements and refurbishments. EGDCP is run on behalf of its shareholders by a Management Committee of up to 9 Members. There is an Annual Members Meeting and information newsletters by way of formal feedback.

EGDCP have improved the fabric and facilities in the pub and the adjoining cottage.

EGDCP leases the pub to a tenant on a 5-year (renewable) lease with a commitment to our vision. The tenant has sole control over the running of the business and how/when it trades. The Management Committee set some broad parameters for the services that the pub will offer that gives the tenant the freedom to run and develop a successful business without the constraints that former tenants have faced in dealing with a large corporate 'pubco'. The tenant is expected to work closely with the aims of the society and EGDGP can advise and offer feedback as support.

This model has been adopted by other successful community owned pubs and gives the potential for a tenant with the right aptitude and attitude to establish a successful and profitable business.

The cottage is let as a unit of affordable housing.

Income from the tenancies enables EGDCP to meet its expenses and pay interest on members' share capital. Any trading surplus is available for reinvestment.

## 7. Financial Objectives

Financial objectives are:

- To let the pub as a tenancy with full repairing obligations at a rent that is affordable to enable a viable business to operate.
- To let the cottage as a tenancy at an affordable rent.
- To establish a Repairs and Renewals fund with an annual contribution to cover future maintenance and improvements which are at the asset owners' discretion.
- To establish a Share Repurchase Fund to assist with cash flow of share repurchase and sales.
- To be able to pay any other outgoings that are the responsibility of the asset owners
- To be able to service any loan that may be part of supporting major improvements.
- To have a reasonable rate of return on shareholders' investments.

## 8. Funding and budget outlook

The original funding requirement was:

Purchase	200,000
Legal charges and fees	5,000
Improvements and repairs	190,000
<b>Total</b>	<b>£395,000</b>

The anticipated funding mix was:

Grant assistance	50,000
Loan	50,000
Share Sales	300,000
<b>Total</b>	<b>400,000</b>

The reality was that the Share offer was closed when it reached £250,000 as once the Society was formed and the pub was trading further grant assistance was achieved.

The original loan of £50,000 was due to be paid off in October 2023. However, as the pub was not able to trade fully during the period of the Covid-19 outbreak, a rent holiday was agreed with the Tenant which in turn lead to a repayment deferral of the loan for 3 months. The loan was eventually paid off in January 2024.

To fund the major works to recover and insulate the flat roof an additional loan of £45,000 was taken out for 5 years from January 2023. This was deemed affordable within the medium-term budget outlook.

Capital expenditure currently amounts to:

<b>Income</b>	
Share sales	250,000
Original Key Fund Loan	50,000
Plunkett Foundation Grant	50,000
Key Fund Loan – Flat Roof	45,000
External Grants	77,873
Other - including donations	1,717
<b>Total</b>	<b>474,590</b>
<b>Expenditure</b>	
Purchase and legal costs	203,260
Refurbishments and Improvements	250,041
Commitments	7,500
<b>Total</b>	<b>460,801</b>
<b>Balance*</b>	<b>13,789</b>

(\*as at 11.03.2024. The Management Committee has determined to maintain a prudential balance of £12,000.)

The initial rent model for the pub was a stepped rent increasing annually over the 5-year term and building up to market rent. There was also a profit share if a profitability factor would have been greater than the stepped increase in year 5. This was to incentivise set up and development of a business as there was no trading good will inherited when the pub was purchased. A separate rent for the shop area was determined as prior to purchase and appointing a tenant it was not known how this area might operate.

The rental model for the cottage is at an affordable rent following social landlord rates.

A second 5-year lease of the pub commenced in March 2024. In negotiation with the tenant this is set as a combined rent for the pub and shop area, flat lined for the duration of the tenancy. This model gives certainty to the tenant above year-on-year inflation and again incentivises growth in the business.

The board has established a 5-year medium term financial outlook which predicts nett trading surpluses as:

2024	2025	2026	2027	2028
£15,800	£15,800	£14,700	£13,500	£13,700

This is a rolling 5-year budget which is updated annually.

It is anticipated that this will be allocated to Reserve Funds as follows:

	2024	2025	2026	2027	2028
Repairs and Renewals	£15,500	£15,500	£14,500	£13,500	£13,500
Share Repurchase	£2,000	£1,500	£1,000	£500*	

(\*Fund capped when it achieves £15,000).

## 9. Repairs, refurbishments and Improvements

The pub needed significant investment to be able to operate and develop as a community venue. Prior to purchase it was intended to bring the pub up to a standard such that a tenant could focus on running the pub without concerns about the condition of the building when taking on a fully repairing lease. Initial estimates for a scheme of essential improvements and repairs were drawn up with a working budget of £190,000. However, until the pub was purchased it was not possible to undertake more detailed appraisals and invasive investigations to determine how far the budget would go. Also to be able to determine the volunteer input, which turned out to be significant in the early phases of the works.

A plan was set to undertake the most essential works:

- repairs to the structure, outside areas, 'tidying' works inside and out with a thorough internal clean and redecoration of the public areas
- Refurbish the kitchen to be able to operate a food offering
- Refurbish the upstairs rooms as letting accommodation
- Refurbish the cottage for letting

It was also hoped to include:

- Relocation of the toilets to the right-hand side of the restaurant to give a better customer experience and facilitate renovation of the cottage
- Re-establish the shop and create a cafe
- Improvements to the car park

The following project areas were also identified to support the trading and development of the pub as funding permitted:

- Improve the restaurant with an insulated ceiling to improve the overall energy efficiency of the building.
- Longer term repairs to protect the asset e.g. window replacements, reroofing
- Determine the optimum use of the outdoor space.

There was a constant review of each stage of the work. The reality is documented in a separate publication 'Our Story' (available [here](#)). The Pub opened for trading in December 2018 following refurbishments to the main bar area. Then whilst trading, main works were completed to:

- Improve the kitchen.
- Relocate the toilets.
- Refurbish the upstairs accommodation into three bed and breakfast rooms.
- Improve the cottage.
- Create the space for a shop.
- Undertake structure repairs such as new windows and a reroof and update the central heating.

This progressively improved the pub and cottage. This mainly happened prior to the 2019 Covid outbreak. This created a natural pause. As we came out of Covid, improvements to the upper beer garden were undertaken.

Within our initial proposals was a refurbishment of the car park surfacing. However, as part of an agreement that facilitated both the purchase of the pub and cottage and released part of the former landholding by the previous owner to a private developer, a replacement car park has been provided.

The large flat roof that covers the restaurant and part of the bar area was detailed as a future liability in the original Business Plan. Repairs to this roof were beyond the resources available so it was an item kept under review. The condition was assessed in 2022 when it was felt that the roof was close to needing significant repair to preserve the sub structure and prevent unnecessary damage both to the structure and the operation of the pub. An additional loan was taken out to pay for the costs of work completed in 2023 which included significant insulation to improve comfort levels and energy efficiency.

As each main project is completed, that area is formally handed over to the Tenants and progressively the full repairing lease obligations come into force.

The pub was the subject of an update EPC rating in 2023 and achieved a grade B. This was a good result and testament to the refurbishment works which took energy efficiency into account as works were undertaken. The cottage is graded EPC E.

Each year there is a review of capital investment requirements to highlight what has been achieved, undertake cost reviews and plan for future requirements. These are expected to be dealt with from available capital balances and the Repairs and Renewal Fund.

## 10. Share ownership

The Society raised £250,000 of its original capital requirement through a share offer at £500 per withdrawable share. In accordance with the Society's rules, the shares do not increase in value and are not tradeable. Each shareholder has an equal say in the business of the Society whatever the level of their shareholding.

Shares can be sold back to the Society at their purchase value or transferred in limited circumstances. Thus, from time to time, shares do become available, and these are offered to new investors to maintain the share capital. The detail of how this operates is contained in our Share Prospectus.

The original share offered allowed share purchases in multiples up to a £100,000 holding and could not be sold back to the Society for three years after which, repurchases remain at the discretion of the Society.

From time to time a small number of shares become available mainly due to a change in circumstances of the shareholder. The Society will always do its best to accommodate share repurchases. It is the policy of the Society to offer any available shares for sale to maintain the value of the share capital and give the opportunity for new Members to join.

To mitigate exposure of the Society, the maximum shareholding was reduced to £10,000 in 2023. This does not affect any of the founding shareholders. Also, as with the original rule, shares cannot be sold back for a minimum of three years.

To facilitate share repurchases and sales cash flow a Share Repurchase Fund has been established. A sum of £15,000 is to be built up by 2027.

Share interest payments are predicted to be as follows subject to performance and not exceeding 5% or 2% above the base rate of the Bank of England:

2024	2025	2026	2027	2028
3.5%	4%	4.5%	5%	5%

This will be subject to the trading position in each year and more detailed consideration by the Management Committee as a recommendation to shareholders.

The latest share prospectus is available at [www.exelbygreendragonpub.co.uk](http://www.exelbygreendragonpub.co.uk) or



## 11. Risk Assessment

The Board has undertaken a full risk assessment of the Company business. This is reviewed and acted upon annually.

## Appendix 1 – Pub tenant attributes

- Have a clear vision of how to operate and develop a community owned pub.
- Show the aptitude and attitude to develop the business around the trading potential of a rural pub and community needs.
- Hold the business acumen to develop the business and the entrepreneurial flair to appreciate its potential.
- Demonstrate how they would link to the local community and positively seek and adapt to community feedback whilst operating a viable business.
- Demonstrate how they would collaborate in establishing community facilities for the benefit of the community and pub viability.
- Have experience in business marketing including social media.
- Be committed to customer service excellence and have an eye for detail.
- Have financial management acumen.
- Working knowledge of the pub/hospitality/food and drink industry is beneficial but not a pre-requisite.
- Management or supervisory experience and be able to demonstrate good people skills.
- Understand and accept the 'unsocial hours' required to operate a pub business successfully.
- Maximise operating hours through a variable yet distinctive offering e.g. morning, lunch, early evening and dinners tailored to local demand.
- Utilise and work with local suppliers.
- Be likely to see the pub as a destination venue with a strong bias to a quality pub food offering, with real ale, other beers and a good range of wines.
- Seek to invest personally and financially in the trading potential, to enhance profitability.
- Work with improvement proposals whilst operating an effective pub service.
- Be able to demonstrate a passion for the role.
- Trade in a way that respects the pubs' location in a quiet rural village

## Appendix 2 - Management Committee

A Management Committee comprising of not less than three and not more than nine members manages the Society. They are accountable to the membership and will report to them via newsletters and an AMM.

Current Directors (2024):

- Peter Simpson, Chairman
- George Cornwall-Legh, Deputy Chairman -
- John Walker, Secretary -
- Linda Graham, Treasurer
- Alasdair Campbell
- Cathy Ross
- Lucinda Riddell
- Ali Bearpark
- Jim Haigh