

HIGH PEAK BOROUGH COUNCIL

Individual Executive Decision for comment by 14 September 2022 (please send all comments to democratic.services@highpeak.gov.uk)

15 September 2022

| | |
|------------------------------|---|
| TITLE: | Amendment to Buxton Market Licence |
| EXECUTIVE COUNCILLOR: | Councillor Greenhalgh - Deputy Leader & Executive Councillor for Regeneration, Tourism and Leisure |
| CONTACT OFFICER: | Marc Briand - Regeneration Officer |
| WARDS INVOLVED: | Buxton Central |

Appendices Attached – Appendix A 1 Letter of Variation

1. **Reason for the Report**
 - 1.1 This report considers a request from Buxton Markets Community Interest Company (CIC) for an amendment of the licence fee to operate High Buxton Market to exclude Government Grants from the profit share
2. **Recommendation**
 - 2.1 Issue a Letter of Variation to amend the wording in the Schedule to the Licence to read “Profit share will be split on a 50:50 basis between the Council and the Licensor. Profits will be calculated on a fiscal quarterly basis in arrears net of corporation tax, net of government grants, net of capital investments required to establish the market and net of losses incurred during start up and paid to the Council within two weeks of each quarter end. “
3. **Executive Summary**
 - 3.1 In July 2015, the Executive awarded the contract for the operation of Higher Buxton market to Buxton Markets CIC for a period of five years.
 - 3.2 This contract was extended at the request of Buxton Markets CIC for a further five years from 26 April 2021
 - 3.3 Buxton Markets CIC operates for the benefit of the community and membership is open to anyone living or working in Buxton. Buxton Markets CIC currently has 94 members, each of whom pays a one-off subscription of

£20. Each member is entitled to attend general meetings, to vote on the appointment of directors and to vote on other resolutions

- 3.4 The 2015 contract was awarded on a profit share basis, in that 50% of any profits will be paid to the Council as a licence fee and retained surplus would be used for the benefit of the community and/or as additional reserves (after the maintenance of a prudent reserve). The renewed contract continued with this profit share basis. The table at 7.6 shows the profit and loss on the operation of the market made by Buxton markets CIC in each of its financial years.

4. **How this report links to Corporate Priorities**

- 4.1 Buxton Market contributes to the following aims of the Corporate Plan 2019-2023:

(Aim 3)

- Protect and create jobs by supporting economic growth, development and regeneration
- Thriving and flourishing town centres and high streets

5. **Alternative Options**

- 5.1 **Option 1: Recommended.** This option is to amend the licence with Buxton Town Team for the operation of Higher Buxton Market on the terms agreed in this report.
- 5.2 **Option 2: Not Recommended.** This option is to decline the request to amend the licence with Buxton Town Team for the operation of Higher Buxton Market. This option would mean that there could be a profit share from a surplus due to government grants which are not intended to be transferred to the local authority but for the support and development of the recipient.

6. **Implications**

- 6.1 Community Safety - (Crime and Disorder Act 1998)
No implications
- 6.2 Workforce
Staff time from Regeneration and Legal to prepare the Letter of Variation and liaise with Buxton Market CIC
- 6.3 Equality and Diversity/Equality Impact Assessment
Buxton Markets CIC operates for the benefit of the community and membership is open to anyone living or working in Buxton.

- 6.4 Financial Considerations
After the maintenance of a prudent reserve, 50% of any profits will be paid to the Council as a licence fee and retained surplus would be used for the benefit of the community and/or as additional reserves.
- 6.5 Legal
The Letter of Variation has been prepared by the Legal service.
- 6.6 Climate Change
Provision of local markets helps reduce food miles and allows residents to 'shop local' reducing the food carbon footprint . Markets also offer local opportunities for start- up businesses, supporting the sustainability and financial viability of the town
- 6.7 Consultation
None
- 6.8 Risk Assessment
The risks and overheads of the daily running of the markets are transferred to Buxton Markets CIC, freeing valuable Council time and resource and helping cut losses

Neil Rodgers
Executive Director (Place)

**Web Links and
Background Papers**

INSERT NAME OF ANY PAPERS AND WEB LINKS

Contact details

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7. Detail

- 7.1 It is recognised that third party suppliers have the potential to bring in much needed resources to the Council's market operations with new approaches, a commercial focus and new plans for expansion. In 2014 The Council carried out an open market bid process to explore options for outsourcing the operation of the existing Council-operated markets. As a result of this exercise Buxton Town Team were awarded the contract to operate High Buxton Market on a profit share basis.
- 7.2 An initial investment of around £25,000 was funded by a grant from Derbyshire County Council and loans for community groups and individuals. These funds were used to purchase uniform, robust and colourful stalls, to pay for pre-launch publicity, and to cover staff and other costs from the preparation phase until the market generated enough income to cover its costs.
- 7.3 Under Buxton Markets' tenure the market has become a vibrant twice-weekly regular market with specialist themed markets twice per month. The market

now generates an operating profit and has built sufficient reserves to repay its loans and is building a reserve to fund future expenditure to repair and replace equipment.

- 7.4 The revitalised market has been a major contributor to the regeneration of Higher Buxton which is now a vibrant area hosting many independent shops and hospitality businesses. The market has employed more than 20 people on a part-time basis and has provided a route into full-time employment for a number of school leavers and previously unemployed people. The market has also encouraged a number of start-up traders and at least three small shops in Higher Buxton are currently run by retailers who started on Buxton Market.
- 7.5 The COVID-19 pandemic has been a major challenge during 2020 however, people came to realise that the well-controlled outdoor market was a safe and attractive place to do their shopping and in the period between first and second lockdowns, the market grew to its largest number of stalls and attracted healthy footfall.
- 7.6 The table below shows the profit and loss on the operation of the market made by Buxton markets CIC in each of its financial years. In the first two financial years covering the pre-launch period and the first 18 months of operation the market made a loss. Since the 2017/18 financial year the market has been operating at a profit and is approaching a position in which it will have made a cumulative profit over its life.

Table 1 – Profit / Loss on Buxton Market

| | Nov 2015-Sep 2016 | Oct 2016-Sep 2017 | Oct 2017- Sep 2018 | Oct 2018- Sep 2019 | Oct 2019- Sep 2020 |
|--|-------------------|-------------------|--------------------|--------------------|--------------------|
| Income from stalls | £19,458 | £26,744 | £26,715 | £28,175 | £27,728 |
| COVID small business grant | | | | | £10,000 |
| Market Income | £19,458 | £26,744 | £26,715 | £28,175 | £37,728 |
| Staff Costs | £21,523 | £26,029 | £15,565 | £16,985 | £15,895 |
| Depreciation /replacement of assets | £1,425 | £2,850 | £2,850 | £2,850 | £2,850 |
| Other Costs | £6,958 | £6,774 | £4,124 | £5,132 | £7,194 |
| Operating Cost | £29,906 | £35,652 | £22,539 | £24,967 | £25,939 |
| Operating Profit / -Loss | -£10,448 | -£8,908 | £4,176 | £3,208 | £11,789 |
| Corporation tax | £0 | £0 | £0 | £837 | £2,864 |
| Surplus / -Deficit after CT | -£10,448 | -£8,908 | £4,176 | £2,371 | £8,925 |
| Cumulative surplus / - Deficit after CT | -£10,448 | -£19,356 | -£15,180 | -£12,809 | -£3,884 |

- 7.7 Buxton Markets CIC received two Covid support grants during financial year 2019/20 and 2020/21. If the grants are included within the profit share calculation this give a notional operating profit after tax of £8,080 with 50% share due to the Council of £4,040. The Covid support grants are intended to

support businesses during the pandemic not to generate income for the council.

7.8 Buxton Markets CIC now propose to build on the success of recent years and the surge in interest in shopping at markets as a result of the pandemic to:

- Grow the regular market.
- Consolidate the current success of the two recurring specialist markets.
- Explore other specialist markets.
- Further develop Higher Buxton as a thriving centre for independent retail and hospitality.
- Take advantage of the profitability of the market to reduce reliance on volunteer time.
- Build a financial reserve in order to replace capital items.
- Move into cumulative profit and contribute financially to the community via profit share to the Council and funding community projects.