

APPLICATION FOR DISCRETIONARY RATE RELIEF – DORRIGE MUSIC SCHOOL KNOWLE (DMSK) SUITE A, FIRST FLOOR 1665 HIGH STREET KNOWLE, SOLIHULL, B93 OLY

1 Background

- 1.1 DMSK are a registered charity and are therefore entitled to 80% Mandatory Charity Relief. They were previously awarded discretionary relief (20%) until 31 March 2020.
- 1.2 DMS are an examination centre providing graded exams on all musical instruments. DMS offer lessons for beginners to diploma level covering most instruments as well as musical theatre, music theory, band sessions, adult choir and junior pop choir.
- 1.3 On their last application for relief, there were approximately 500 students attending the school for lessons each week. This has reduced to 250 per week after the pandemic.
- 1.4 Lesson fees are between £6.50 - £16.50 and 20% of students are given a concession based on their ability to pay. 22 students have lessons free of any charge.
- 1.5 DMSK employ 9 members of staff.
- 1.6 The score card overleaf recommends an award of 20%.

2. Financial Implications

- 2.1 Details of the Business Rates and Relief applied for are set out as below:

	2021/22	2022/23	Total
20% Discretionary Relief applied for	£ 2,278.40	£ 2,278.40	£4,556.80
Cost of 20% Discretionary Relief to the Council (99%)	£ 2,255.62	£ 2,255.62	£4,511.24
20% Discretionary Relief Recommended	£ 2,278.40	£ 2,278.40	£4,556.80
<u>Cost to the Council of Recommendation</u>	£ 2,255.62	£ 2,255.62	£4,511.24

- 2.2 DMSK have submitted CC16a Receipts and Payments accounts for the year ending 05-Apr-19, 05-Apr-20 and 05-Apr-21. The three years of financial statements included in these accounts have been reviewed to

assess if Discretionary Rate Relief request should be granted.

- 2.3 The accounts show Cash funds at year end 05-Apr-20 of -£233. This is lower than the cash fund value of £5,003 at year ending 05-Apr-19. Cash funds for the most recent year end 05-Apr-21 show a cash fund value of £69,400, however this is largely made up of a Loan from trustee £59,941.
- 2.4 Without the Loan the company would have had a cash funds of £9,459 and indicates improvement compared to previous years. For this reason, it is considered that an award of rate relief would have a positive impact on the finances of the company as it will support Dorridge Music School through the recovery stage in the sector which has been adversely impacted hard by the pandemic.
- 2.5 However it is worth noting that DMSK currently get a retail discount of 50%. When calculating retail relief any awards of discretionary relief should be applied in the first instance. Therefore if discretionary relief was agreed at the recommended amount of 20% they would no longer be eligible for 50% retail relief as their business rates liability would be covered in full by 80% mandatory relief and 20% discretionary relief.

Discretionary Rate Relief**Dorridge Music School Knowle**

	Section A - Affordability	Yes or No
1	<p>The financial assessment considers:</p> <ul style="list-style-type: none"> • level of surplus of deficit in recent years • level of reserves held in view of the organisation's reserves policy • proportionality of the relief applied for in relation to the size of the organisation's operating costs • relationships with parent organisations where relevant • affordability to the Council <p>Yes - complete Sections B and C No - the rate of relief is nil</p>	Yes

	Section B – Clients Supported	Potential Score	Actual Score
1	Over 90% of the organisation's clients are Solihull residents	3	3
2	Between 50% and 89% of the organisation's clients are Solihull residents	2	
3	Less than 50% of the organisation's clients are Solihull residents	1	

	Section C – Other Factors	Potential Score	Actual Score
1	The ratepayer has evidenced that they meet one or more of the Council's priorities	1	1
2	The service has been recognised as important to the Council through a contract or SLA with the Council.	1	
	Total Score	B+C	4

Award of Discretionary Rate Relief

	Discount for Charities – up to 20%	Discount for Not for profit organisations – up to 100%
Score of 4 or more	20%	100%
Score of 3	15%	75%
Score of 2	10%	50%
Score of 0 or 1	No relief	No relief