

**APPLICATION FOR DISCRETIONARY RATE RELIEF – THE REAL JUNK FOOD PROJECT (TRJFP), PROPOSED ADDRESS HAYSTACKS PLAYBARN, OLD DAMSON LANE, SOLIHULL, B92 9ED**

**1 Background**

- 1.1 TRJFP are a community interest company (not a registered charity) and are applying for 100% discretionary rate relief.
- 1.2 Their scheme works by having a group of volunteers make contact with local supermarkets and other food suppliers to intercept the produce the supermarkets would normally be putting in landfill, the food is sometimes past its best before date but not past its use by date. Out of date produce is not collected. This is a mutually beneficial agreement as the supermarkets get charged for landfill.
- 1.3 The produce is then utilised in community cafes and food boutiques on a pay as you feel basis. This means that people can pay for their meal or produce by a financial contribution, volunteering or skills. This breaks down barriers to people coming along, whilst giving them the opportunity to contribute.
- 1.4 They currently run a scheme in Birmingham and recently set up the Hobs Moat Community Café and Food Boutique in March 2018. TRJFP are interested in taking on the premises at Haystacks Playbarn. They would like to use the Playbarn for storage purposes and this would be useful for their plans to expand into other wards in the borough.
- 1.5 The landlord has offered the Playbarn rent free for 18 months on the basis TRJFP pay the business rates. TRJFP do not want to commit to taking on the premises if they have to pay the rates and requested their application be considered before making any commitment.
- 1.6 The score card overleaf recommends an award of 100%.

**2. Financial Implications**

- 2.1 Details of the Business Rates and Relief applied for are set out as below based on the rateable value of the current ratepayer for this financial year:

|  | 2018/19    |
|--|------------|
| 100% Discretionary Relief applied for                  | £10,320.00 |
| Cost of 100% Discretionary Relief to the Council (99%) | £10,216.80 |
| 100% Discretionary Relief Recommended                  | £10,320.00 |
| <u>Cost to the Council of Recommendation</u>           | £10,216.80 |

- 2.2 TRJFP has submitted their accounts for the financial year ending 31<sup>st</sup> October

2017, incorporating the previous year's figures for comparison. The organisation's accountants have noted that the 2016/17 accounts include a miscellaneous adjustment of £1,367.18 in order to make the accounts balance. This amount has been added to Administrative Expenses, and means that these funds have been spent without a proper record being kept.

- 2.3 For the year ending 31<sup>st</sup> October 2016 TRJFP had income of £18,000 and expenditure of £15,000 resulting in a surplus of £3,000 (after deduction of cost of sales and addition of any other income). For the year ending 31<sup>st</sup> October 2017 income had increased to £75,000 and expenditure increased to £58,000 leading to a surplus of £17,000.
- 2.4 There is currently no policy for holding unrestricted funds. At 31<sup>st</sup> October 2016 the unrestricted funds balance was £10,000 and at 31<sup>st</sup> October 2017 this was £26,000. The current reserves balance equates to approximately 5.5 months expenditure.
- 2.5 TRJFP have had surpluses for the last two financial years enabling them to increase their balance on unrestricted funds held in reserve. However the value of relief applied for is a significant figure in relation to the typical income and expenditure for TRJFP, and given the indication that they are unwilling to commit to using the premises unless relief is awarded it is considered that an award of rate relief would have an impact on the finances of the company.

**Discretionary Rate Relief****The Real Junk Food Project**

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

|   | <b>Section B – Clients Supported</b>                                     | <b>Potential Score</b> | <b>Actual Score</b> |
|---|--|------------------------|---------------------|
| 1 | Over 90% of the organisation's clients are Solihull residents            | 3                      | <b>3</b>            |
| 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                      |                     |

|   | <b>Section C – Other Factors</b>  | <b>Potential Score</b> | <b>Actual Score</b> |
|---|---|------------------------|---------------------|
| 1 | The ratepayer has evidenced that they meet one or more of the Council's priorities                      | 1                      | <b>1</b>            |
| 2 | The service has been recognised as important to the Council through a contract or SLA with the Council. | 1                      | <b>0</b>            |
|   | <b>Total Score</b>  | <b>B+C</b>             | <b>4</b>            |

**Award of Discretionary Rate Relief**

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